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28 March 1985

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ARMS CONTROL

FINLAND

'STAR WARS' INITIATIVE WOULD 'DESTROY' EAST, WEST ARMS BALANCE

Helsinki HELSINGIN SANOMAT in Finnish 12 Feb 85 p 2

[Editorial: "Star Wars Upsets Balance"]

[Text] The United States has begun an extensive campaign to sell President Ronald Reagan's proposal for a space defense system, SDI, or "star wars" to its allies. An important group of movers in the Western military alliance assembled over the weekend in Munich to deliberate the star wars plan. West Germany testified in favor of America. England expressed reservations. France expressed strong opposition to it.

President Reagan's space defense initiative was made public nearly 2 years ago, but it did not receive any real attention until last spring. It is dividing America's politicians into two opposing camps. According to an opinion poll, the majority of voters in the United States is opposed to it. U.S. allies are in a state of confusion. The Soviet Union is opposed to it and is ready to make concessions in order to prevent it as its return to the Geneva negotiations indicates.

Star wars, for its part, requires very careful attention. It completely upsets the strategic balance, which has been the basis of relations between East and West for decades. So far the super powers have accepted as a permanent situation the fact that each side has sufficient nuclear weapons to rain complete destruction under any conditions on the party that launches a surprise first-strike attack.

Star wars disputes the establishment of a defense capability merely for an attack capability and reprisal capability. Reagan has said that it is immoral to base national defense on the knowledge that the defense of tens of millions of one's own citizens is possible only by threatening the adversary with the same kind of revenge.

Reagan's growing concern for the morality of the nuclear weapons era ignores a group of difficult questions about star wars. In the first place, it is impossible to accept the president's assurances regarding the completeness of the space defense system. Such a defense system can never be tested under real conditions. Since a government which has built a defense system cannot trust in it 100 percent, for the sake of certainty it must still maintain a nuclear

weapons arsenal that is large enough for a reprisal attack. Thus star wars will not liberate the world from nuclear weapons, as Reagan argues.

In light of the history of warfare it is an indisputable truth that not one possible aggressor will admit that any defense system is invincible and watertight. In this case, the Soviet Union would certainly make every effort to destroy any space defense systems, confuse the radar, and circumvent it even by going through the kitchen door. In other words, the research race and the arms race will continue since no treaty can credibly prevent research.

Aircraft transporting cruise missiles and nuclear bombs are a third counter-argument to Reagan's vision that is reminiscent of a science-fiction movie. A space defense system does not affect them. But in America it has even been secretly admitted that a new large-scale surface anti-cruise missile defense system must be developed parallel with the star wars system. In practice this already confirms the fact that America cannot liberate the world from nuclear weapons with such a system.

The cost of the star wars program is impossible to estimate, but, nevertheless, it is already known that it will not help to create a complete defense. Presumably, by means of appropriations American industry will be able to develop an impressive space technology, with respect to which the United States will without a doubt surpass the Soviet Union's technological development capability.

But this may be the very source of a most dangerous situation. If the Soviet Union comes to such a conclusion about American superiority which compels it to consider itself as a second-rate super power, it may act quite unpredictably. And will not there suddenly be a fundamental increase in the danger of nuclear war if the former strategic balance appears to begin leaning permanently in favor of the United States?

Perhaps what is most objectionable is the American custom of marketing a new arms race in the name of peace. It is a misuse words and ideas. It becomes the same kind of shame as the proposed squandering of funds in space.

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ARMS CONTROL

NETHERLANDS

SURVIVAL OF CABINET, CRUISE MISSILE SITUATION VIEWED

Rotterdam NRC HANDELSBLAD in Dutch 12 Jan 85 p 9

[Article by J.M. Bik: "Can The Cabinet Survive Until 1 November Or Longer?"]

[Text] The American Undersecretary of State Burt said this week in Brussels that there are 396 SS-20 installations operational now in the Soviet Union. That is 18 more than on 1 June 1984, the date of the cruise missile decision of the Lubbers cabinet. If the number of operationally employed SS-20's has not been reduced to 378 or less by 1 November 1985, then the cabinet will decide to employ 48 cruise missiles in 1988. If there is an American-Russian accord on such weapons before that date, then the Netherlands will participate in it, possibly reducing the number of cruise missiles on the base in Woensdrecht. But there is little optimism about such a timely accord or about timely, voluntary SS-20 reductions.

Before 1 November, many events will influence national voting behavior on that day. There will be a debate--it has already started here and there--on whether the American counts are correct; whether they can be trusted; whether counting could not be done differently (and better); how many effective nuclear heads the SS-20 has, etc. That debate will not alter the fact that for many years American counts have been accepted as a usable basis; in fact, the Soviet Union accepts it and the Dutch cabinet (and the Second Chamber) did so too, this past June, for instance. That will probably stay like that for a while.

Further, another factor will be the judicial force yet to be mobilized against the employment of cruise missiles, for instance by way of a mass legal action against the state or by way of an already announced tribunal of (legal) experts whose names, however, have not been disclosed yet but whose independence has already been established according to the organizers. There could be a national petition, and in any case there will be campaigns, M. J. Faber, secretary of the IKV [Interdenominational Peace Council], promised again this week.

Another factor that will become apparent after a few months is the significance of the so-called Montebello Decree of the fall of 1983--a reduction in NATO tactical nuclear warheads in Western Europe from 6,000 to 4,600. That decree, to which Minister De Ruiter (Defense, CDA [Christian Democratic Appeal]) has committed himself "quite extensively" according to Prime Minister Lubbers, does

not mean that the Netherlands can terminate nuclear weapon roles on a large scale or even terminate the nuclear role of the artillery corps of the army, as the CDA (and the PvdA [Labor Party], D'66 [Democrats '66]) would like to do. Once that becomes general knowledge, the mood at the Binnenhof and elsewhere will not improve by the fall. There will be quarrels about the budget, media policy, the abortion act (whether or not surgery should be covered by insurance), among other things, during increasing political profile needs.

Partly because of the prospect of such difficulties, on different occasions at small gatherings this week two ministers (members of VVD [People's Party for Freedom and Democracy] and CDA, respectively) did not want to bet that their cabinet will last until 1 November or survive that date. Actually, both of them rather betted on the opposite. It should be added that these two do not always seem to fully support the cabinet's policy; however, their show of gloom was striking. Besides, both insisted that the CDA as a whole would not (does not want to) digest a positive employment decision, even though their brothers Lubbers, Van den Broek and De Ruiter signed the cabinet decision of this past June 1. Both took the possibility into account that the CDA and VVD, which appeal to about the same type of voters, could possibly form a cabinet together again after a split concerning the employment issue (or concerning an earlier "replacement" cause for a crisis in the cabinet, for instance the 1986 budget) and the elections which would follow.

This is a risky scenario because making calculations "beyond elections" has failed before; sometimes the voter does not act upon it. Moreover, rationally speaking, the government parties cannot expect much good of a crisis in the summer or fall of 1985. In that case, the VVD risks missing the political gain of a positive employment decision (because such a decision would be a barrier between PvdA and CDA in 1986), and would have to be satisfied with the electoral blow which, in such a case, it can deal the CDA's right wing. The CDA would, apart from that blow, risk the loss of a considerable number of its not unsuccessful team of ministers (and a change of policy!), as it would then have to cooperate with the larger PvdA which would claim the post of prime minister and quite a few ministerial posts from the CDA. Therefore, the bet that the cabinet will survive 1 November, can very well be made. It was made with one of the ministers. Distilled, foreign, tasty.

Reservations

Logically speaking, however, an early crisis is possible before the spring of 1986, several months before the elections; not in the cabinet, but in the parliament. Then, the CDA election program will be ready and confirmed by a party council of 21 September or 26 October 1985. It is assumed that on November 1, a positive employment decision will have been made, which the election program has already anticipated a little earlier. Several weeks later the text of a treaty (agreement) with the United States and a bill to approve that treaty will be presented to the Second Chamber. After the Christmas recess, end of January 1986, the Chamber will have a procedure debate on that bill. At that time, the list of CDA candidates will be just about ready. The list will not be made before the program is drawn up, as was the case at previous occasions; rather, it will be done after it. So, the party committees

know the personal reservations--former ARP [Antirevolutionary Party] members, pay attention!--before they give their advice on the nominations. That--and the fact that the original CDA elements (KVP [Catholic People's Party], ARP and CHU [Christian Historical Union] will not be given separate consideration for the first time, can make a lot of difference for the assigned place.

Reservations or no reservations, when the Chamber votes on a delaying procedure motion of the opposition concerning the approval of the bill, the question of whether they will have a chance to return to the Chamber after the elections (May 21), will be very important for a large number of CDA members. It is possible that the number of Kamikaze pilots is dangerously large for the cabinet while much more than procedure is at stake. Maybe Prime Minister Lubbers has made too light of inside warnings that 1 November 1985 is "a late date" for the cruise missile decision.

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POLITICAL

CYPRUS

KYPRIANOU REFUSAL TO RESIGN CRITICIZED

Kyprianou's Wrong Course

Athens POLITIKA THEMATA in Greek 22-28 Feb 85 p 20

/Text/ If the president of the Republic of Cyprus--not clearly the president of a minority--wishes to render a positive service to the suffering island, he must end the political crisis which divides the island by submitting his resignation. His insistence on a policy of tension does not serve the unity of the people or the Cypriot cause as a whole. Kyprianou should have resigned the very first day he found that the two major parties disagreed with his policies. He should step aside before the House of Representatives issues a resolution of censure for his policy--which appears to be forthcoming.

In these hours of great crisis no one can claim greater titles of patriotism than others. Above all there must be unity and common effort for a just solution. Kyprianou, by staying on as president, does not serve either. His calls for unity are of no use when the leader follows the wrong course and refuses to change it, while the other two sides (and this does mean something) constituting the majority, continuously ask him to do so.

'Papandreou's Blessing' Criticized

Athens POLITIKA THEMATA in Greek 15-21 Feb 85 p 17

/Article by A. Politakis: "Papandreou's Chosen One"/

/Text/ He placed his hand theatrically on the other man's shoulder, in a way reminiscent of the absolute monarchs of old placing the sword on the shoulder of the kneeling knight. With a protective expression on his face he beknighted the other man and declared him "worthy of preservation."

The scene was not at the Windsor Palace nor at Elsingfors nor at the old capital of the czars in St. Petersburg. It took place on February 5 on the outskirts of Athens in Erithrea, at a place called Kastri, or small fortress. In fact, it took place on the narrow entrance steps of a typical suburban house in front of TV cameras. All around were "courtiers" and "court justers."

He (the absolute monarch) was the premier of Greece. The other, the president of the Republic of Cyprus. The latter did not need to kneel--he is short enough as it is. But his expression and words of deep gratitude showed the degree of obeisance. This was the first time a premier was "annointing" a president of a republic.

At the very same moment in martyred Cyprus the overwhelming majority of the Greek Cypriot people cried out loud and clear through their legitimate representatives against S. Kyprianou and his actions--indignant and disappointed.

The contrast was total and dramatic. Two thirds of the people who support the two major Greek-Cypriot parties believe the president (who is subject to criticism since he also acts as a premier) is equally responsible for the failure of the summit meeting in New York, and they ask him to call an election or at least accept and apply on the national issue the decisions of the majority of the people's representatives. Kyprianou does not accept either. Instead, he came to Athens to seek support from Kastro for his autocratic, anti-democratic and failed policy.

Thus, we come to the point where the Cypriot Republic has a president who does not enjoy the support of the declared majority of the people, but the support of the Greek government. Something of the sort did not even happen during the 7-year tyranny in Greece, although the dictators tried to do it and in trying brought catastrophe...! Is it possible we are moving toward another debacle?

The leaders of the two Greek-Cypriot major parties (who express a wide ideological spectrum since one is of the Left and the other of the Center-Right) in a series of long statements, proved in ways that leave no room for doubt that S. Kyprianou wrecked the cause of Cyprus ever since he took office. From bad to worse, until we came to the declaration of independence by the Turk-Cypriots in North Cyprus and to the failure of the summit conference in New York, which appeared so hopeful and for which so much preparation had been done.

The dramatic evening, Sunday, 20 January, in New York, Kyprianou (to quote the leaders of the two parties) "gave a kick to the milk bucket" placed on the table by the secretary general of the United Nations. Kyprianou forgot that the "framework for the solution of the Cyprus Problem" was not proposed by the Turk-Cypriots nor the Turks. It was proposed by the secretary general of the U.N. as the representative and with the approval of all members of the Security Council, including the Soviet Union. Kyprianou was accused by the major two parties that either because of incompetence or for reasons only he knows, he "torpedoed this solution as well."

Kyprianou's reply is that the two leaders "play into the hands of the Turk-Cypriots and the Turks." This is a facile and deplorable reply when it is addressed to leaders who have shown such patriotism through the decades. But who is actually playing into the hands of the Turks without even realizing it?

We know the Turk-Cypriots were pressed by the government of Turkey. We now know about the "secret" trip of Denktash to Ankara by military plane and his meeting with General Evren. We know the meeting followed a communication to

Evren by President Reagan. Immediately after this meeting, we had the second phase of the third period of the "proximity talks" as they were called. There, suddenly and unexpectedly, Denktash drew back from his previous intransigent positions and this enabled DeCuellar to draft the "preliminary agreement" and the accompanying two documents.

The Denktash "concessions" were acknowledged by all parties: Kyprianou, the other Greek Cypriot parties, Greece, foreigners. And optimism--guarded to unbounded--was expressed.

It is reasonable to assume that Denktash, pressed to make concessions (which were not really concessions but steps owed by the Turks for a just solution), looked for an excuse to take the concessions back. Kyprianou himself offered this excuse, unexpectedly, on a silver platter with his ineptness. And now Denktash happily moves toward new fait accomplis. Who, then, is playing into the hands of the Turk-Cypriots?

This writer believes there is some explanation for the stand of Kyprianou in New York. Few noticed a relatively insignificant incident in Athens on the eve, or a few days before, the summit conference. A. Papandreou, toasting one of the many foreign guests who come here every day, for no reason at all at times, said while referring to the Cypriot question: "A necessary condition" before any solution is "the withdrawal of the Turkish troops."

It is possible that this was the order given Kyprianou during his consultations in Athens prior to the summit meeting. But it is known that insistence on this demand leads to failure because it is a groundless demand, just as the previous demand, "let them revoke the declaration of independence and then we will talk," was eventually abandoned.

We know the Turk-Cypriots and Turks raise the issue of security for the minority and agree only to a gradual withdrawal side by side with the establishment and strengthening of the new bi-zonal, federal state.

But is it possible that A. Papandreou wanted for domestic partisan reasons to justify his demand and for this reason insisted--leaving Kyprianou no way out? This may (possibly) explain both the expression of "full and absolute" support by Papandreou to Kyprianou's handling (in "full and absolute" opposition to the great majority of the Cypriot people) and Kyprianou's haste in coming to Athens to receive his "blessing" as soon as the protest began to grow in Cyprus.

(Parenthesis: A. Papandreou said at the "ceremony" on the steps of Kastri that "S. Kyprianou must know he has the support of the entire Greek people and the Greek government." He can talk in the name of his government, but he has no right to talk in the name of the entire Greek people. At this moment he does not represent even 40 percent of the Greek people and on the question of his support of Kyprianou, he represents even less.)

At the same ceremony, when A. Papandreou said that "President Kyprianou is struggling with the diplomatic ability and wisdom he has," he /Andreas/ raised his voice and shook his right hand nervously. TV viewers will recall the same expression and gesture in his campaign speeches when Andreas promised to "remove the bases," "leave NATO," "leave EEC." And they pondered that--as shown by his demeanor--he really meant what he said about Kyprianou as much as he meant those slogans.

But the two Greek-Cypriot leaders who (justifiably) oppose Kyprianou have their own responsibilities. They should have been in New York on 17-20 January, at the U.N. together with Kyprianou, even if he did not want them there. And not only the two leaders but all the political leaders of Cyprus including the speaker of the House. That Sunday evening, when the meeting and solution were foundering, if all of them were there, certainly they would have averted the failure. Who could have prevented them from going there? If they were there, Kyprianou would have to consult them. They would have to decide.

Now Kyprianou must stop acting alone. The political leaders must always be next to him. And he should conform to the will of the majority of the people's representatives. When the very existence of a united and undivided Cyprus is at stake, it is ridiculous to cling to the "privileges and powers of the president under the constitution." Even less when this president does not have the declared support of the majority of the people, but instead has their rejection and mistrust. How can Kyprianou stay on as president with only the declared support of A. Papandreou?

Should Kyprianou continue to deny that he is obligated to respect the decisions of the majority, then he must be replaced as soon as possible. The representatives of the Greek-Cypriot people know what to do on this urgent matter.

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CS0: 3521/202

POLITICAL

CYPRUS

ADVANTAGES OF AKEL-DISY COOPERATION STRESSED

Athens | KATHIMERINI in Greek 2 Mar 85 p 4

/Article by Ploutis Servas: 'AKEL-DISY Cooperation Could Have a Future' /

/Excerpts / We find strange (and annoying) the KHARAVGI 26 February report that 'AKEL rejects the charge that it has allied itself with DISY. Such an alliance never existed and never will. Simply, the views of the two parties happened to coincide.'

One could seek an explanation in the reaction provoked in AKEL by the unilateral denunciation by Kyprianou of the Democratic Cooperation-Minimum Program. It seems that the AKEL leadership was burned by /Kyprianou's / Democratic Party /DIKO / and it is fearful of being burned again by the Democratic Rally /DISY /.

If this interpretation is correct (apparently is is) it is reasonable to assume that the AKEL leadership continues, unfortunately, to be fearful and to swim in a sea of confusion. Despite the Leninist teachings (they like to invoke) and despite their long experience on the course of the national Cypriot problem and conduct of national liberation struggles (which they claim to follow devotedly), they apparently have not been unable to accept and work for a united and cohesive front for the effective conduct of the national struggles.

The AKEL leadership formed an alliance with Kyprianou because they believed, as they stated, in cooperation among parties and because they had as their goal (as they continued to state), pan-Cypriot cooperation. At that time they asked for the signing of only a fragile minimum program. Why AKEL did not insist on joining the government Kyprianou was to form after his election is a question that remains unanswered. In any event, the AKEL leadership--declaring its united-front views--continued to say they had no intention of distracting Kyprianou from his work by seeking ministerial posts.

How Kyprianou suddenly denounced the 'democratic cooperation' is well known and does not need to be repeated. But we must recall the fact that, to strengthen his arguments, Kyprianou emphatically stated that 'by dissolving the two-party alliance he had in mind to move ahead with a multi-party alliance by reshuffling his cabinet.

Kyprianou was unable to broaden democratic cooperation and matters unfortunately went wrong. We had a sequence of absolutely disgusting developments until the wise "resolution" of the House of Representatives, which reopened the way for a national course with cooperation (why not call it an alliance) of the two strongest parties which could very easily open the way to broader national cooperation, as required by a sound national struggle.

Yet the AKEL leader was annoyed by the "charge" that he formed an alliance with DISY. This astonished us and we are tortured by a host of questions: Why should the AKEL leader be annoyed? What new thoughts prevailed (if they did)? Why express this tragic phobia? What is the difference (political or class) between DIKO and DISY? Both are parties of the Right. And since the struggle is national why the distinction? Why was the AKEL leadership happy to have continuous cooperation and an alliance with DIKO and why not cry out that "an alliance with DISY never was and never will be"?

Since the views of the two parties coincided (both on the resolution and earlier on the DeCuellar points) why not continue this in the future, since the struggle is national and will continue to be national till the day the problem is solved?

These painstaking questions torture our mind. We worry again thinking what wrongs are entertained by the AKEL leadership.

We sincerely hope this "never was" cooperation or alliance with DISY results from the pressures of old prejudices or the absence of cool reasoning and that it will soon change so we can hear something hopeful, in conforming with past AKEL declarations that the AKEL leadership will move forward on its course, with a declaration that AKEL will continue to favor the single-front approach, with no distinction between ideologies and parties. And that it will take every step to see that in the end the views of all parties will come to the same point and form an all-nation alliance. Then we shall all stop worrying and begin to look with optimism into the future.

7520

CS0: 3521/202

POLITICAL

FEDERAL REPUBLIC OF GERMANY

DGB LEADERS SEEK TO ESTABLISH LINKS TO GOVERNMENT

Duesseldorf WIRTSCHAFTSWOCHEN in German 21 Dec 84 pp 24, 26

[Text] The unions no longer have great hopes for Chancellor Kohl. In order to preserve ties with the government, they are now seeking to intensify their efforts in recruiting Union politicians well-disposed towards them.

Dithmarschen native Ernst Breit is known for his cool northern German manner. As the Chairman of the German Trade Union Federation (DGB) was recently asked about his talks with Federal Chancellor Helmut Kohl, he was as uncommunicative as ever: "The Federal Chancellor is a good host." The questions persisted; the next answer was even more ambiguous: "He turned the technical discussions over to his ministers."

He need not have been so reserved. It is really no secret that the unions' relationship with the Chancellor are not the greatest. Even months following Kohl's controversial statement about the 35-hour work week--"dumb and foolish," radio silence reigned between the Duesseldorf DGB central office and the Bonn Chancellorship. Yes, Kohl was the first to signal his readiness to talk to the union leaders at the last union meetings of the International Federation of Chemicals, Paper, Ceramics Workers and the International Federation of Mining and Energy Workers, and at Breit's 60th birthday, however the invitation was long in coming.

Only at the end of November did Kohl and Breit officially meet once again--over breakfast. The long awaited meeting between Kohl, complete with a few members of the Cabinet on the one hand, and the leaders of the most important DGB unions on the other hand should finally take place in January. The fronts are clear: "The Federal Government alleges that it wants to get the employment crisis under control with market tools and with an exclusively growth oriented policy" (DGB managing board member Siegfried Bleicher). For years the DGB has promoted an employment program to the order of DM 40 billion.

With such points of departure, only mutual viewpoints could be exchanged in January in the main issue of combating unemployment. The actual conflict however is more likely to erupt over the CDU/CSU's plans to change the Works' Constitution Law. A split in the industrial union, which the DGB fears with

the scheduled change in the electoral process for works' councils, would, as Breit made clear to Kohl over breakfast, jeopardize the regulative function of the unions and thus the stability of the Federal Republic. The DGB does not, under any circumstances, want to accept such a law. One of the chairman's co-workers said, "Breit believed that Kohl had understood him."

At the next discussion, the union members of the board expected a clear answer from the Chancellor. But they weren't too optimistic. The reason, according to Bleicher, was that the meetings until that point could "not erase the impression that the Federal Government was merely publicly exhibiting its readiness to talk."

However, in Breit's opinion, "not all paths lead to Bonn impasses." His board colleague Bleicher expanded upon this and said that even in the parliamentary parties, "We have supporters."

There is naturally the Christian-Democratic Workers Union (CDA) which the DGB is counting on, "in spite of many disappointments" (Bleicher). To be sure, even the committees on social issues could not prevent the new bill on Works' Constitution Law. As a counter measure, though, they want to pass greater codetermination powers for the unions in the introduction and application of new technologies. And although the attacks on Federal Minister of Labor, Norbert Blum, especially by the International Federation of Metal Workers, have not stopped, the CDA chairman is the lesser of two evils for the unions. According to Bleicher, "Norbert Blum is doubtlessly not politically identical to Friedrich Zimmermann."

Breit and Bleicher noticeably heaped praises upon Heinz Reisenhuber, Federal Minister for Research and Technology because he also foresees threatening losses of jobs with the introduction of new technologies.

And then there is Kurt Biedenkopf, the unsuccessful arbiter in the printing industry wage dispute. According to Bleicher, "It is already remarkable how this conservative regulative politician has handled the unions' positions in the last few months. Just in mid December in an interview with WIRTSCHAFTSWOCHE on new forms of labor disputes and shop rules, Biedenkopf took care of the uproar in the management camp."

For all that, Bleicher detects "perhaps a certain new quality" in those CDU politicians whom the unions can meet part way. He has already thought about how such points in common "could go beyond verbal testimonies to practical policy." Within the DGB managing board, he is known to be a man always thinking ahead.

Certainly only the outlines are recognizable for such a "medium range strategy by the unions under the conditions of the conservative-liberal relative strength" (Bleicher). But it will find new supporters only after it experiences once again fruitless top level talks with the Federal Government. The alternative--a new Ice Age between the government and unions with harsh public confrontations which would, according to those in the unions' camp willing to cooperate, be especially damaging to the worker. According to an official from the DGB central office, "We have got to live with this government until 1987."

POLITICAL

FEDERAL REPUBLIC OF GERMANY

KOHL RESPONDS TO UNIONS' RAPPROCHEMENT EFFORTS

Hamburg DER SPIEGEL in German 28 Jan 85 pp 23, 24

[Text] Last week, Helmut Kohl made up ground with the DGB [German Labor Union Federation]. The unions agreed to confer on a regular basis with the chancellor in the future.

When Helmut Kohl, surrounded by seven ministers, received the heads of the German trade-union movement last Wednesday evening, he mustered up all the charm of which he is capable. DGB chief Ernst Breit and eight leaders of individual trade unions had already assembled in the parlor of the chancellor's bungalow when Kohl dashed past photographers and cameramen over to Breit, clutched his arm, and drew him into the interior of the room: "Much better photographs can be taken over there."

But he quickly realized that with his more than 100 kilograms of live weight, although he made a good stereotype beside the ascetic Frisian Breit, he cut a poor figure. A third person had to get into the picture also--Kurt van Haaren, leader of the German Postal Union, a man as massive as Kohl.

For the third time since the election, the chancellor had invited a delegation of the unions to his official villa, a practice which he learned from Helmut Schmidt. As the election campaigns in Berlin, in Saarland, and above all in North Rhine-Westphalia approached, it seemed desirable to Kohl to make an appearance yet again with the representatives of the workers. And this time he wanted to avoid at all costs with this tete-a-tete any diffusion of that hostile atmosphere which marked earlier meetings with the heads of the DGB.

In the first meeting, at the end of August 1983, a heated dispute developed between the unionists and CSU Interior Minister Friedrich Zimmermann about tightening up the penal law on demonstrations. After the second conference in December 1983, the unions had refused to agree to any further meeting dates; they had been too angered at Kohl's remark that the demand for a shortening of working hours was "absurd, dumb, and foolish." Moreover they were also indignant at the reproaches of CDU General Secretary Heiner Geissler, to the effect that the unions were treating the Christian-Liberal coalition more roughly than they did the government of Schmidt.

To be on the safe side, this time the chancellor did not invite Zimmermann and Geissler at all. Unlike earlier occasions, he also did not irritate his guests with long-winded statements on general issues. As his advisors had recommended to him, Kohl kept to the business at hand.

The unions had let the chancellor's office know the previous evening what this business was: By Telex they transmitted 13 questions, the chief ones being on unemployment, pensions, and comanagement. And the head of the chancellor's office, Wolfgang Schaeuble, made sure that his chief started out well informed.

The unusually succinct opening remarks of the chancellor impressed the guests. Nevertheless it seemed appropriate to Ernst Breit to at first keep his distance. "Mr Chancellor," he asked pointedly, "are we meeting in this group 'just for show,' for the photojournalists and for the editorial writers? Are we meeting here because it looks bad for the image of the chancellor if the thread of dialogue with the unions is snapped? Or are we to grapple with solutions for the reduction of unemployment, for safeguarding and developing the social insurance systems, and on behalf of the future structure of the groups representing the employees' interests on an in-house and business-wide level?"

For one moment it seemed as if Kohl had lost his cultivated imperturbability. He had no need to appear with the unions for reasons of image, he snapped at Breit. All the skeptics are surely going to see that the people have reelected him.

Then he pulled himself together. The 6-hour debate could begin. When it broke up--it was near midnight--the leader of the Chemical Workers Union, Hermann Rappe, whispered to a participant: "There has not been such a first-rate session for a long time now."

That was not due to Helmut Kohl alone. The unionists had prepared for the meeting at a 2-day conclave in Darmstadt. They were in agreement that the DGB should come to an accommodation with the government on joint small steps for fighting unemployment--despite all the differences on the fundamental question of how unemployment as a whole was to be dealt with.

Moreover, in Darmstadt the union leaders gave Breit the mandate to negotiate with Kohl on a resumption of joint talks among the chancellor, employers, and unions. Condition: The three parties to the talks would have to agree in advance on specific issues. To be sure, the unions would have nothing to do with a revival of "Concerted Action." In 1977 the DGB had withdrawn from this body after the employers had filed an action before the Federal Constitutional Court against comanagement.

Chemical-workers union head Rappe named as the reason for the new flexibility: "In the meantime the unions have taken note that they must live with this government until 1987." By now this realization has prevailed even among the leadership of the Metalworkers Union, which has been at loggerheads with the Bonn government ever since the strike for shorter working hours.

However, in principle there was no rapprochement on the issue of unemployment at the chancellor's bungalow. Finance Minister Gerhard Stoltenberg swept aside all demands to finally launch a well-funded employment program against unemployment and in return to dispense with the tax reform offered as an inducement. When DGB vice chairman Gustav Fehrenbach (CDU) showed the finance minister that he was not exacting any sacrifices at all from citizens "from a certain level of income on up," Stoltenberg did not even deign to answer him. Metalworkers-union head Hans Mayr fared in a similar fashion when he recommended to the government that there be reductions in working hours as a remedy for unemployment.

Nevertheless, it seems that the climate between the government and the unionists has changed. His guests gave Kohl the promise that there would be further talks. In four jointly manned working groups, experts from Bonn and Duesseldorf will soon be deliberating on the effects of technical progress at the workplace, on safeguarding retirement pensions, on labor assistance measures, and on community investments for providing jobs.

Tension arose toward the end when the unionists warned against changing the Labor Management Act. Already circulating in the FDP and the Union parties are drafts for a law which is supposed to grant new rights to the insignificant Christian trade-unions and to managing salaried personnel.

Rappe and Mayr strongly warned against such plans. Rappe: "Then not only every frustrated party, but any political grouping will be allowed into the enterprise. That will become the opening for Greens, alternative parties, and communists." As a matter of fact, so goes the DGB argument, the employers as well are not interested in such a politicization of the enterprises.

That worked with Kohl. He promised that the coalition fractions would consult further with the trade unions about the consequences of such a change in the law. A cabinet member: "It has become clear to us that this afflicts the unionist nervous system the most severely."

If Kohl should succeed in accommodating the DGB interests in an amendment to the Labor Management Act, this will also improve the chancellor's chances of still achieving his major objective: To again assemble employers and unions together around his table. With that he would have managed what continued to be denied to his Social-Democratic predecessor Helmut Schmidt.

At the close, the chancellor wanted to know what the prospects were of such a meeting. Breit kept to the understanding reached at Darmstadt: "I do not say no." But beforehand it must be guaranteed that only "negotiable points" are placed on the agenda.

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POLITICAL

FINLAND

SKDL PARLIAMENTARY LEADER EXTENDS OLIVE BRANCH TO CP STALINISTS

Helsinki HELSINGIN SANOMAT in Finnish 12 Feb 85 p 6

[Article: "Veikko Saarto: "Time for Unity Is Short"]

[Text] Political differences do not explain the trend toward a breakup in the Finnish Communist Party. This is the opinion of Veikko Saarto, chairman of the Parliamentary Group of the SKDL [Finnish People's Democratic League]. He noted on Monday in Helsinki that the actions of Communists in practical politics would, to the contrary, provide the basis for a unifying trend.

"If the SKP [Finnish Communist Party] minority were to decide to return and accept the obligation to act according to the adopted decisions, one would think the majority would find sufficient readiness to compare and examine various views with sufficient thoroughness before making any binding decisions," thinks Saarto.

"However, there is little time for accomplishing such solutions in the SKP which would guarantee the necessary unified appearance for success in the next elections. If the present situation continues for a few more months, we will find ourselves in a position in which the trend toward disunity will also begin to have a gradual effect on those areas where we are still unified," stated Saarto.

Minority Communist leader Taisto Sinisalo, who spoke in Kotka on Monday, thinks, for his part, that the party support system has been made subordinate to the power struggle in the SKP. In Sinisalo's opinion, the equal distribution of support should be ensured by public supervision.

According to Sinisalo, "a small faction of the SKP's leadership" suspended the payment of party support funds to eight (minority) district organizations while, on the other hand, distribution to the "disruptive organizations continues.

10576
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POLITICAL

GREECE

U.S. ACCUSED OF ARBITRARY MOVES IN BASES SECURITY ISSUE

Athens KYRIAKATIKI ELEVTHEROTYPIA in Greek 10 Feb 85 p 7

/Article by Giannis Kanellakis: 'American '100's' in the Streets of Athens' /

/Excerpts/ The Americans--at least those at the Ellinikon base--are violating our sovereignty. American armed guards are patrolling the area around the base. But they also force--under threat of dismissal--the Greek interpreters at the base to participate in these illegal patrols, thus violating their work agreements.

These armed patrols outside the base limits--outside the wire fence, that is--are known to the Greek authorities which seem to silently tolerate this illegality. It is also known--following the protests of the organization of the Greeks working at the base--that the Americans force the Greek interpreters to accompany the American military police during its patrols. The nine interpreters were threatened with dismissal if they failed to obey the relevant order of the American commander.

Georgios Alexandrou, president of the working peoples' organization and himself an interpreter, told us that "the Americans are using the method of threats and terrorist tactics and have turned into 'policemen' the Greek interpreters working at the base."

The Commander's Order

According to the workers' organization the commander's order forcing the Greek interpreters to participate in the patrols was issued 10 days ago. "This unprecedented provocation by the Americans has upset the people working at the base," said Alexandrou.

As soon as the employees were informed of the commander's order they protested to the Ministries of National Defense and Foreign Affairs

They Replace Our Police

With regard to the patrols of the American military police in areas around the base, G. Alexandrou said: "The Americans violate in a provocative way

the Greek laws. Even though they know that such patrols around the base are forbidden, they still increase them more and more. At this rate, they will slowly replace the Greek police in these areas. Once more we warn the appropriate authorities to take measures."

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POLITICAL

GREECE

'OPEN QUESTIONS' IN GREECE-USSR RELATIONS REMAIN UNANSWERED

Athens ELEVTHEROTYPIA in Greek 11 Feb 85 pp 1, 5

/Article by Giorgos Votsis/

/Text/ Heading a large government delegation, Premier Andreas Papandreou left this morning for a 4-day visit in Moscow where today or tomorrow he will have many and important talks with Nikolai Tikhonov and Andrei Gromyko and possibly with ailing Soviet Chairman Konstantin Chernenko and Mikhail Gorbachev who is considered the number two man in the Soviet hierarchy.

It is anticipated that the Greek-Soviet summit talks will be fruitful given that:

a. The bilateral relations will be promoted first of all on the political level by signing a special "Greek-Soviet Protocol of Consultations" and by issuing a joint communique stating common assessments of the critical international problems, and

b. Three agreements will be signed: pensions of political refugees, land transportations, and maritime cooperation, which will broaden the trade and economic relations which are already developing in a satisfactory way.

But the Moscow visit, which has attracted international attention (Eurovision will cover the trip) and created the known strong American reactions, will also have its "thorns" on issues of major and minor importance which are still unsettled. Indicatively, we mention the following:

1. Establishment of general consulates in Salonica and Odessa--an issue which the Soviet side would like to settle as soon as possible.

Since the time the Greek-Soviet communique of 10 September 1978 was signed by then Foreign Ministers G. Rallis and Andrei Gromyko calling for the establishment of the two consulates, the 6-year negotiation proved unsuccessful. The latest talks in Moscow (18-19 December 1984) did not achieve a meeting of the minds. The Greek side insists that the jurisdiction of the Greek consulate in Odessa should cover a broad area (include the Republics of the Ukraine, Georgia, Armenia, Abkhazia, Azerbaydzhan, as well as the regions of Krasnodar, Stavropol, Rostov and Opsetiaz /transliterations/.

The Soviet side, however, wants this consulate to cover only the Ukraine and six ports on the Black Sea. With regard to the Soviet consulate in Salonica, the Greek side considers as extravagant the Soviet demand that its jurisdiction should cover not only Makedonia and Thraki but extend to cover visits to Kerkyra, Limnos, Lesvos and Khios. Also, the Greek side does not accept the Soviet proposal to establish two Soviet consulates without defined consular areas of jurisdiction but to let this matter be determined in the future.

2. The repatriation of Pontians to Greece. Since 1976, the Soviet Union has agreed to facilitate the return to Greece of Pontians (they represent the majority of the Greeks in the USSR) who have Greek citizenship or are of Greek descent. Then the issue of persons with dual citizenship was raised and has not as yet been settled.

During the 1980-1984 5-year period, less than 200 Pontians' families were repatriated and it is reported that they are pressed to become Soviet citizens so their return to Greece will be forever impossible.

3. The Greek side is cautiously examining the Soviet request to establish regular Aeroflot flights connecting Moscow, Kiev, Salonica and Athens (Olympic Airways does not fly to the Soviet Union). The Soviet argument that such flights will better serve the tourist needs is not considered convincing given that the number of Soviet tourists to Greece did not exceed 6,500 in 1983 and 5,000 in 1984.

4. Finally, there is the issue of mutual responsibility in fulfilling already signed agreements. The program for cultural and scientific cooperation is indicatively mentioned as having thus far been implemented unilaterally by the Greek side only in favor of the Soviet Union. For example, in the case of scientific exchanges, Greece has welcomed and extended all formalities and accommodations to the visiting Soviet professionals but the same cannot be said about the Greek professionals who either were not allowed to go to the Soviet Union or were not given assistance during their stay.

These problems (and some others) will not, of course, interfere with the success of the Moscow talks which will be prominently political in character. They do not, however, cease to throw their shadow on the continually expanding Greek-Soviet relations.

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POLITICAL

GREECE

PAPANDREOU REPORTEDLY UNDECIDED ON EARLY ELECTIONS

Athens 1 AVGI in Greek 7 Feb 85 p 5

/Article by Vasilis Konstandinidis: "Scenario for Early Presidential and Parliamentary Elections"/

/Text/ A scenario is making the rounds these days about early parliamentary elections in conjunction with an early presidential election. According to it the first could take place even on the last week of May and, in any case, within June. The same scenario sets the second--the presidential election--at a month earlier because, according to the thinking of the scenario writers, nothing prevents the presidential election from taking place in March also, instead of during the first two weeks of April since between the two elections "sufficient time will have elapsed."

The sources from which this scenario "leaked" are ministers and deputies of the government party--and especially a minister whose recent speeches and "contradictions" hint that he believes we have already entered the election campaign period.

According to the scenario, the arguments the premier will advance to the president of the Republic for early elections are two: The first deals with the need for renewing the popular mandate to the government to decisively face the Cyprus problem. The second is based on the claim that from the middle of April until the middle of October when the government's 4-year term expires the time remaining is limited to 4 months and, therefore, the view that the elections are being speeded up will not be valid. For the same reason no one will be able to claim that the government is breaking its promise to complete its 4-year term.

But, again according to the scenario writers, regardless of these arguments which are given to the press for justifying the holding of early elections, the real reason for such elections will be the premier's assessment that, holding the parliamentary elections immediately following Karamanlis' election as president will electorally help PASOK given that the conservative voters will have fresh memories of Karamanlis' election with the help of PASOK's votes.

The scenario writers feel that even the "constitutional experts" who "would not object to the procedure of electing the president" in order to cleanse the political situation through early elections instead of having an extended election campaign which would hurt the country. The scenario writers, moreover, attribute to Karamanlis the remote thought that, in the event of a PASOK victory--which is considered certain--or in the event this party wins a plain majority, the leader of the ND--which is expected to break up--will join PASOK and help it strengthen its new government.

Finally, the scenarists point out that in the recent Papandreou and Mitsotakis speeches they detected "signs which do not exclude the possibility of early elections." They especially point out that Mitsotakis particularly "is aware of the possibility for early elections" and that "he will seek a meeting with the president in order to make clear his present intentions."

In the opinion of certain political observers, this new scenario has not directly originated with the premier nor has he personally assumed its expediency because "he cannot make up his mind" on early elections as he appraises the pros (taking advantage of the presidential election) and the cons (lack of needed time for implementing the recent government announcements and for constructing the promised overpasses and other projects).

The same observers say that the premier is not at all certain that the president of the Republic has changed his opinion concerning the time of the elections, especially since, until recently, it was known that the "constitutionalists" objected to tying the presidential elections to the parliamentary ones in a way, moreover, which would favor PASOK at the expense of ND. It is believed, moreover, that one of the reasons for the success of the "unanimous procedures" was "to move" the parliamentary elections near the end of the 4-year term of the present government.

It is the feeling of these observers that this new scenario is related to the "election campaign" which from now on will make its presence known from time to time and is part of the PASOK and ND plan to maintain their partisan strength on continuous alert and, in this framework, "to promote broader approaches and secure wider consent."

However, regardless of the above, what could one say with certainty is that the new proposal--the scenario is but a proposal--for early elections is recommended by government and party leaders who in the past had favored early elections. In 1983 they had proposed to hold the parliamentary elections in conjunction with the Euroelections and had associated the "isolations" of the premier in Kerkyra and Elunda with the forthcoming elections.

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POLITICAL

GREECE

PASOK FACED WITH EARLY ELECTIONS DILEMMA

Athens ENA in Greek 14 Feb 85 p 11

/Text/ Despite the premier's assurances that his 4-year term will be completed in full "barring any unforeseen developments," the PASOK officials claim that the party's course must now be charted based on the timing of the parliamentary election. At least, they say, there should be an alternative course in the event of an early election.

Such pressures were intensified last week following the publication of the ND tax proposals and the danger in letting the political initiative pass into the hands of the major opposition.

Since that time the debate over the pros and cons of an early election has started at the party and government level concerning the holding of the election immediately after the renewal of K. Karamanlis' presidential term-- i.e., till June 1985.

It is interesting that the discussion centers mainly on the condition of the opponent, i.e., on ND and much less on PASOK's degree of preparedness.

Thus, as a first argument in favor of early elections is the feeling of certainty the election of Karamanlis will create in the more conservative wing of the electorate. If this is followed by PASOK's electoral victory the impression that Karamanlis is omnipotent will be dispelled after his election with the overwhelming support of both parties.

A third consideration which favors an early election is the course of the economic crisis which is expected to reach the limit of popular tolerance in the fall, especially that of wage earners while the farmers will face the high point of suffering from the lower EEC price increases for the reduced output of this year.

These reasons favoring an early election do not include the benefits from taking the opponent by surprise. This is because the Papandreou high command in Kastri believe that although Mitsotakis would like the elections to be in October, the problems facing ND will become worse in the intervening 7 months.

These PASOK hopes are based mainly on the effect of the candidates' list which is regarded as a time bomb within ND and a personal problem for

Mitsotakis. In this sense, the 7-month period is expected to be a critical test for ND and its leadership. A leading member of the government argued that every discussion concerning the list causes an explosive atmosphere in ND headquarters since the issues it raises are not only difficult but contradictory. More specifically, according to this government official, the ND list must satisfy the quest for radical renewal without touching the numerous "party elders." It must express with specific persons--who will be placed in a good place in the local election--the opening to the center without affecting the party establishment, and without causing a negative reaction from extreme Right voters. The new persons to be included in the lists should not disturb the balance of power as has developed between the leading members of ND and above all they must not be of Mitsotakis' exclusive confidence.

Those who favor an election in October at the end of the 4-year term base their arguments on these problems whether they are real or blown up. They argue that an early election may enable Mitsotakis to overcome the problem of the list by demanding, in the face of battle, iron discipline from the parliamentary group and faithful implementation of orders.

A second--but also secondary--argument is that by completing the 4-year term PASOK will demonstrate the strength of the Change and will renew the conviction of its followers that the course to the completion of Change continues undisturbed.

In the exchange of arguments within PASOK there are no doubts or reservations as concerns the possibility or the methodology for early elections.

"If we push Mitsotakis into an early election he will be forced to accept, even pretend that he wants them," according to PASOK's "election planners."

On the contrary, this will be the first time the opposition will argue that the opponent should complete its 4-year term.

The political soothsayers of PASOK conclude that in the event the two major parties agree to nominate Karamanlis for president he will have no choice but to dissolve the Chamber of Deputies and call for an election.

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CSO: 3521/186

POLITICAL

GREECE

PASOK ATTEMPTS TO ATTRACT CENTRISTS, LEFTISTS BOOMERANG

Athens ENA in Greek 14 Feb 85 p 16

/Text/ The premature newspaper reports harmed rather than benefited the case of the "committees", while the denial of the eight named counter-revolutionaries and university professors seems to have a sequel...

"Question, criticize as much as you want, but in the end vote for PASOK." This is the slogan of the "committees in support of Change" which will support it blindly and PASOK critically. It appears that only the PASOK leadership wants these committees. The PASOK deputies see them as the anteroom to the "list" /of candidates/. For this reason they have asked the premier to let them take an active part in drawing up the lists in order to keep under their control "persons and situations."

The PASOK organizations and cadres regard these committees as a new organization in place of the party organization. Georgios A. Papandreou, deputy from Akhaia, is leading the effort to fortify the party organization and to prevent infiltration from the anti-Right committees.

The leadership of PASOK claims that the creation of the committees is in response to a national demand and movement for participation and action.

But the reaction of the "personalities expected to be added to the list" is not in keeping with the assurances that such a pressing demand exists. Very few have agreed so far to join the committees. The usual response given to leading members of PASOK is that "it would be better to join PASOK directly instead of going through this covert process." In fact, the most positive responses given so far to PASOK take the form of a question: "Who else has joined?"

Needless to say that the reaction of the parties of the traditional Left are most negative. KKE hastened to characterize the "anti-Right committees" as being "anti-Left," while KKE-Int. insists that "PASOK will have very few position seekers to man its committees." The government tried to sound out these reactions by leaking to its friendly press reports and names of participants in these anti-Right committees.

Those reported as participants were the most surprised, particularly university professors such as K. Tsoukalas, D. Karagiorgas, Khr. Rozakis and others who did not hide their surprise when they read their names in the lists of the anti-Right committees. Several among them demanded and received assurances that the newspapers will publish retractions but they are still awaiting such action. Thus, they found it necessary to send letters of denial which were published last Sunday.

The premature reports actually harmed the cause of the committees. Several of those mentioned as "critical supporters of PASOK are state officials (councillors to the ministries and agencies) with an uncertain professional status (annual contracts). For this reason they interpreted the publication of their names as a warning shot; but there is no certainty that they will accept in the end.

In the meantime, several opposition newspapers interpreted the participation of state officials appointed by PASOK as a "payment for the appointment." The reaction to these comments was very strong and is very likely to intensify the tendency to stay away from the committees.

The reaction of the parties of the Left was charged with anxiety. KKE fearfully assesses the effect it will have on its electoral base in the appearance on the side of PASOK "of 15 personalities from the historic traditional Left, headed by Markos Vafiadis."

The operation was initially scheduled for the Euroelections, when some 40 leaders /captains/ of the National Peoples Liberation Army /ELAS/ and the Democratic Army were ready to sign an appeal in favor of PASOK. But more mature thoughts prevailed and the "Left weapon" was kept in reserve to be used during the parliamentary elections.

KKE-Int. is very much concerned with the possible defection of a number of known intellectuals who were loosely related to it. This relation was reaffirmed in every election when these personalities associated themselves with the party's Central Committee. The party leadership and especially L. Kyrkos and K. Filinis are in contact with the "leftist professors" and appear to be unconcerned.

But the problem for the PASOK leadership does not end with the membership of these committees. For many deputies in its parliamentary group the support of known leftists to PASOK is of "questionable utility."

According to these PASOK deputies "the battle is taking place in the PASOK arena and Markos Vafiadis and his ilk do not attract centrist voters. Instead they repel them."

On its part, the PASOK partisan leadership responds to all this by saying that "the centrist voter will see his authentic representatives on our ballot such as G. Zigdis and N. Venizelos."

The problem for PASOK is whether or not Vafiadis and the leftist committees will clash with the centrist ballots.

POLITICAL

GREECE

GAP PERCEIVED BETWEEN PASOK, LIBERALS

Athens I VRADYNI TIS KYRIAKIS in Greek 24 Feb 85 p 17

/Article by Nikos Delipetros/

/Excerpt/ The frontier is the main battlefield. This truth is valid even today since, because of modern weapons, hostilities are easily moved far into the interior of the enemy.

This is also true for the electoral battles where, of course, the participants are not enemies but opponents; opponents, however, who are in danger of becoming enemies because of the intransigence of PASOK. The electoral and ideological antagonism between the two major parties vying for power has already begun in their border area--the area once held "in its own name" by the traditional Center. The battles within the centrist ideological ground are tough. Each of the two gladiators wants to take over this ground--and they invoke inherited and ideological titles.

But we should never forget that the best title sanctioning the ownership of an area is its actual occupation. "I occupy and use this ground and don't bother me because you will get lost..!"

During the 1981 electoral campaign Andreas invoked certain parental titles; and thus succeeded in establishing himself in the major part of the centrist ground. He was very much assisted by his surname.

The friendly propaganda overtures of Papandreou in the days before the election were admirable. For years he had declared his leftist views and placed himself, in fact, in the dogmatic left, "to the left of the Left," as Karamanlis, then premier, said in the Chamber of Deputies.

Andreas belonged, indeed, in the left of the Left since he expressed the European social democracy and clearly separated PASOK's socialism from even Mitterand's French socialism.

PASOK is separated from the Center and its ideology as much as the Marxism of Aris Veloukhiotis from the liberalism of Eleftherios Venizelos. What relation, then, can PASOK have to democratic liberalism which was always the Center's ideological banner?

Yet in the days before the 1981 election, Andreas recalled his father's Venizeli Venizelist and centrist origin. With his propaganda he succeeded in deceiving most of the old followers of the Center. He succeeded in deceiving the Cretans especially and snatched most of their votes despite the fact that leading cadres of PASOK had insulted the memory of Venizelos who is venerated in Crete. But as we wrote elsewhere: The PASOK propaganda deserves our admiration.

In the postwar period the old liberals began to appear politically under the label of the Center. We could identify three main wings of the centrist camp: Themistoklis Sofoulis and Sofoklis Venizelos; Plastiras; and Giorgios Papandreou. All these wings cooperated with their conservative political opponents whenever the nation and democratic freedoms were in jeopardy.

The governments of G. Papandreou and N. Plastiras, which put down the /communist/ December 1944 revolt and also the government (the government of Th. Sofoklis, which fought against the communist guerrilla campaign of 1946-1949), had many distinguished political representatives of the old conservative camp in cabinet positions. Knowledge of the communist danger had toned down the old feuds between the old liberals and the old populists.

But the political differences continued to exist. They were kept alive mainly by memories of the "national discord" of 1915, and by their differing views over the constitutional question /the monarchy/.

After the fall of the dictatorship /1974/, the constitutional question was resolved at the initiative of Karamanlis. And the ideology of "radical liberalism" in many aspects covered the progressive ideas of the centrists who were, are, and will always be, democratic and liberal.

They are democratic in the sense this term is used in the West. In the world today the term "democracy" is used by dictators as well: Jaruzelski in Poland, Ortega who received--modestly--70 percent of the votes in Nicaragua, and also Assad in Syria who was honored (!) with 99.97 percent of the popular vote--all these gentlemen characterize their deeds as "democratic".

The centrists are democratic in the Western sense and they are also liberals in the modern sense of liberalism which clearly opposed "statism"--the policy which leads to state tyranny and bureaucratic stagnation of the economy--and also to the establishment of monopolies.

One may ask: Which of the parties competing for the centrist votes holds and raises high the banner of democracy and liberalism which is the Center's traditional ideology?

But there is also another aspect of the centrist ideology which characterizes the centrist citizens. It is their revulsion against excess and bigotry:

The centrists were--and continue to be--in favor of moderation, balance, political dialogue and tolerance for the ideas of their opponents. The centrists are not dogmatic--they discuss matters. This aspect of their ideology created added difficulties for those centrists who would like to get closer to PASOK for ideological reasons.

But Papandreou has in his favor a centrist argument. On the eve of the 1981 election and in the Euroelection of 1984 he suddenly pulled out of his sleeve a centrist "ace": Mr. Mavros. He used Mavros to adorn his electoral triumph like the black king Iugurthas of Numidia, who was drawn through the streets of ancient Rome to adorn a Roman triumph.

And once Andreas displayed his own black king to the public he took him out of circulation. Now Andreas is ready to pull the same trick: He is getting ready to pull some more centrist cards out of his sleeve.

I think the area of the Center is no longer suitable for political prostitution. The story, "I have so many centrists heads, so how much can you give me to bring them to you," must come to an end.

Also, the process of "coming and going," which some vacillating politicians continue to practice, must come to an end. These endless migrations are destructive and give the impression that people are not serious.

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POLITICAL

GREECE

EARLY ELECTIONS ISSUE: PARTISANS, OPPONENTS

Winners, Losers

Athens POLITIKA THEMATA in Greek 22-28 Feb 85 pp 16-17

/Text/ Who has time on his side? Who will benefit from an early election and who will lose? And before that, is there any reason to speed up the election?

Let us take up the last question. The government is in its 40th month with another 6 left (since the last 2 will be preoccupied with the election). Normally, it should have completed its work and should look forward with calm and certainty to its reelection since it believes what it did was in the people's interest.

Instead it shows nervousness and insecurity. A series of measures is suddenly announced and others are hastily prepared to favorably influence public views. An increase of 2,000 drachmas for farmers' pensions announced last week was the first shot. It is said that this will be followed by the announcement of 5-year housing programs, special programs for the employment of the jobless, a cornucopia of housing, and other loans and grants.

What is the meaning of all this except a lack of confidence in the effectiveness of the work it has done, which must now be buttressed with a series of added, hasty, impression-making measures?

The government is afraid the remaining 6 months will reveal the emptiness of its work in the economic sector, leading to the deterioration of its position--which is to some degree already an accomplished fact. Arguing that a prolonged electoral campaign always works against the living conditions of the people, it will try to speed up the call for an election--probably using the Cypriot case.

Who benefits from an early election? The question is superfluous, since one must assume that the one who calls for an early election is the one who expects to benefit, i.e., the government.

Assessing matters (with the data it has collected, the secret reports of the local organizations, confidential polls, seasonal problems, anticipated

development, etc.) the government appears to have come to the conclusion that the best time to have the election is right after the election of the president of the Republic. Naturally, in proposing to the president an early election the government will invoke--and...logically so--the dangers from a prolonged electoral period. Indeed, how could the president oppose it by invoking only the constitutional principle, when the argument presented by the government is valid?

Moreover, by completing its 4-year term, the government would have the opportunity to take measures--already the...dance of handouts has started--which would strengthen it, regardless of what the opposition says.

The dilemma of an early election or the end of the 4-year term apparently equally preoccupies the opposition which has certain alternatives in its favor.

In the event of an early election it will have the right to accuse the government of violating the constitution in order to take its opponents by surprise. In the event of elections at the end of the 4-year term the opposition will certainly accuse the government of indulging in an orgy of handouts in view of the election...

Deep inside the opposition must feel that an early election is in its favor--although it is never going to admit it. The passing of time is more than likely detrimental to the government. The opposition should not invoke the excuse of surprise or lack of organizational preparation because, since the day after its electoral defeat it assured us it started an intensive organizational effort to prepare the party for the 1985 election and because the 5 remaining months are not going to help very much.

The people have already reached their conclusions. They have assessed the work of the government, its men, the possibilities of change. The noise and campaigns to follow will have as their target the vacillating mass of the undecided or underdeveloped voters who side with the party which beats its drums the loudest. The people have already made up their mind about the government and the solutions it offered to their problems.

Election Date Debated

Athens TA NEA in Greek 17 Feb 85 p 5

/Article by Giannis Fatsis: 'Who Wants Elections Now and Who in October?'

/Excerpt/ The problem of elections in June appears to be acute (inflated perhaps, but it exists) and has shaken the steadily proclaimed thesis of elections in October 1985.

Two Proposals Within PASOK

Within the PASOK government the views over the question of early elections are not uniform, but the debate is not overly extensive either. Nevertheless, there are suggestions from many sides (for or against an early election) addressed to the premier.

Certain ministers feel that elections in June will clear up the situation affected by the electoral campaign ND has already launched. The arguments presented are:

First: The country cannot stand a prolonged electoral period. The economy will be destabilized. The people's psychological tension will distract them from their activities.

Second: In implementing its policies the government will always have in mind the electoral impact of its measures and decisions. This will be the inevitable effect of the election climate which has already developed.

Third: The passing of much time until the election will provide ND with the opportunity of organizing its electoral machinery and create problems for the government by using the method of announcing "measures" of a demagogic character. Tax reductions, farm products, a housing policy and other similar /promises/ pass like messages to the masses. The government, obligated to counter these electoral games, will waste its time in a meaningless and destructive "war of words" with the Right.

Fourth: The ND imitation of electoral campaign methods used by the democratic forces /PASOK and KKE/ may confuse part of the electorate. The lit candles, the demonstrations, the pounding on key points of governmental activity, the shift (however delayed) in the countryside, are old recipes that may contribute to the psychological attitudes (favorable to ND) of the voters.

Fifth: The idyll between ND and the National Political Union does not seem to be getting anywhere. But by giving time to ND it may be possible to facilitate approaches to the extreme Right or developments which could make possible (and "necessary") cooperation (open or informal) of conservatives and reactionaries in the election.

In the face of these realities (or expected developments) the recommendation reaching the premier is: Call the elections in June.

Who is Recommended to Finish the 4-Year Term

On the contrary, members of the Executive Bureau and other PASOK party notables recommend to the premier to hold elections in October. The arguments against an early election are:

First: At this point ND is not a serious opponent. The feuds among its leadership, promotion of personal ambitions among its leaders, separation of its cadres into "Mitsotakis men" and "non-Mitsotakis men," and the break up of the (erstwhile) dynamic youth organization ONNED all give the picture of a party which is not ready for an electoral contest with a powerful PASOK. Mitsotakis' idea to appear to President Karamanlis in the hope of pushing the idea of early elections is evidence of what the Right wants and can do in its confrontation with PASOK.

Second: Completing the 4-year term will be a great advantage for PASOK. What the Right was unable to achieve with its parties will be achieved by a progressive party which governed the country under the same leader through the full term provided by the constitution.

Third: An early election will cut short the implementation of the government's policies in certain sectors and will not allow the presentation of its measures.

Fourth: The development of the party machinery will be done hastily and without the processes which are associated with the mobilization of the masses.

Fifth: The economic situation (of the country and the public) will be better after a period of substantial receipts from tourism and the EEC.

The election in October will also serve as proof of consistency with PASOK's repeated declarations--something PASOK needs.

Tendencies Within PASOK

Athens TAKHYDROMOS in Greek 21 Feb 85 p 7

/Text/ I hear that certain ministers and leading PASOK cadres are split into two groups on the possibility of an early election. They both agree, however, that PASOK will come out of the election as the first party with a majority of seats in the legislature.

Most members of the Executive Bureau, headed by Giorgos Gennimatas and Kostas Laliotis, argue that the election should be in October, which will provide time for moving forward the implementation of certain major governmental projects such as the outpatient clinics, public works, health centers, etc.

On their part, most of the "center-origin" ministers such as Menios Koutsogiorgas, Giannis Skoularikis, Ant. Drosogiannis, and Evangelos Giannopoulos (who last year opposed an early election in a memorandum), recommend elections in June. A similar view is supported by the premier's political advisor Andonis Stratis while--contrary to reports--Akis Tsokhatzopoulos and Ger. Arsenis have not taken a stand.

PASOK Pressures on Papandreou

Athens KYRIAKATIKI ELEVTHEROITYPIA 17 Feb 85 p 40

/Article by Panos Loumakos/

/Text/ It is a common secret that Premier Andreas Papandreou is pressured by close associates to speed up the election and not wait until October. They use two arguments:

--Under Mitsotakis ND at this moment does not seem to be able to fight PASOK. On the other hand, the summer months may allow it to organize itself better and temporarily patch up its internal problems which today are so evident and so acute.

--The economic situation is so uncertain that one cannot rule out "accidents" in the months between now and October.

If in the end the premier accepts these suggestions, a new situation will certainly develop after the presidential election in March with Karamanlis and Papandreou again being the protagonists.

According to the constitution the premier may propose to the president an early dissolution of the Chamber of Deputies /Vouli/ "to renew the public mandate in order to deal with a national issue of exceptional significance." The acceptance or rejection of this proposal is at the discretion of the president. And if the government resigns the president has the right to give the mandate for a new cabinet "to a member of the Vouli, who then has the obligation to ask for a vote of confidence or to a member or non-member of the Vouli for an immediate dissolution of the Vouli and the conducting of elections."

Judging from existing indications, the president does not appear to be inclined to exercise this power given him by the constitution. In other words, if A. Papandreou asks for an early election invoking serious national issues, the president will accept his proposal and will not seek alternative solutions in the present Vouli, as he has the authority to do under the constitution. Consequently, the time of the next election is a matter to be decided mainly by Premier Andreas Papandreou.

Today this fact is the main cause of concern for Mitsotakis who knows he is not yet ready to go to elections, both for intra-party reasons and because the caliber of his opposition effectiveness remains limited. This actually may be the reason for his loss of temper recently, a loss shown either by personal attacks on A. Papandreou or inept "openings" which start from the extreme Right and extend to the Center.

Reported Mitsotakis Objections

Athens TO VIMA in Greek 17 Feb 85 p 1

/Text/ Sunday, 26 May 1985, already appears to be the most likely date for the parliamentary election. The reasons being examined by the premier for an early election are reportedly the following:

With the opening of the procedure for the election of the president, the electoral period will begin (if it has not started already...). If the election is in October, the campaign will be exceptionally long and therefore painful for the country, for reasons which need no analysis.

In fact, in addition to the "positive losses" which a prolonged electoral period may cause to the economy, there are also "negative losses."

Given the present phase of the Greek economy it may be judged as more expedient to have the election before the summer, so it will be possible to move the economy into a new phase by the fall. But if the election takes place in October, the economic measures that must be taken will have to be studied in early winter and start their implementation in 1986. In such a case, the economic course of the next year will have to be based on today's data which cannot be changed in view of the election.

The view that because of these reasons (and the added questions raised by the situation in Cyprus) there must be an early election is reportedly supported by the major associates of the premier. There are, of course, certain members of the ministerial council who are against an early election, mainly to preserve the formalities--because the government stated that it intended to complete its 4-year term.

In fact, it appears that the only one who opposes an early election is K. Mitsotakis, leader of ND. In fact, leading cadres of ND tell their present leader that "with the fear he feels" he may lead the party to a worse defeat than that anticipated by certain opinion polls known to ND as well.

Of course, support for an early election is expressed by ND cadres--in private talks--who expect the electoral defeat to start the process for the removal of Mitsotakis.

KKE and KKE-Int. apparently do not oppose an early election and they are getting ready for the campaign--and for this reason seem to harden their criticism of the government.

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POLITICAL

GREECE

ND DEPUTIES, VOTERS URGED TO OVERCOME SHORTCOMINGS

Athens MESIMVRINI in Greek 11 Feb 85 p 6

/Article by Khr. Pasalaris: "Who Among the 111 Meet Their Obligations?"

/Text/ If the over-inflated baloon needs only the light pressure of a pin to blow up, Andreas' "Movement" needs 10 powerful Macedonian columns (of soldiers) and a few thousand long javelins to experience a debacle equal to that of the Persian army of Granikos.

The columns with the long javelins are being formed as we saw last Monday at the Karavel Hotel. The first sudden blow was given with the magnificent Manifesto and then with the proposed tax measures.

The sudden uppercut of last Thursday left the Mithridates (followers) of "Change" numb. They are not accustomed to being pushed to the ropes. The ND followers regained their optimism, they saw the sails getting full, the vessel moving on away from the deadening calm, the mustiness disappear!

Yes, ND gained points in the last few days. It rose psychologically. For this reason it correctly postponed the public opinion poll which was scheduled for early February. It wants to have the most recent picture to show where it matters. The ND leader will be right to do so. And so shall we when we grumble from this forum, since our grumbling turned out to be helpful and had an effect on the study concerning the errors and priorities of ND as seen by itself and by its party rank and file. Mitsotakis said it in public: "Yes, the study was beneficial, it helped us to write the Manifesto..."

The List Syndrome

Today we are going to displease several of the 111 deputies of ND. We shall ask the ND leader if the rank and file are right when they complain that these gentlemen don't do their job; they have not committed everything to the struggle; they don't go to the villages to get their shoes dirty; they don't get up on a chair to change the mind of the vacillating voters; they don't often go to the Chamber of Deputies to push the opponent to the wall; they don't visit the hospitals, the ministries, the factories, the market place, the schools (everywhere people suffer) to remove their misunderstandings. They are unwilling to overcome the "list syndrome."

The syndrome says: Why should I kill myself? And how do I know if Mitsotakis will place my name on the list? Of course, those who think in this fashion must be few. Yet they exist and they do a great deal of harm, since the bad example spreads much easier than the good.

To help the reader of this column understand whether the 111 do their job well, we will explain their duties and ask the leader and the responsible cadres of ND to tell us how many and who among them fulfill these duties to the full.

--First duty: To go at least once a week to the meetings of the Chamber of Deputies dealing with legislation.

We ask Varvitsiotis and Gelestathis who are responsible for the implementation of this duty how many of the 111 fulfilled this obligation? Can they give us an "absence report?"

--Second duty: To be present at all meetings of the Chamber of Deputies dealing with parliamentary control. How many and who among them fulfill this obligation? Certainly very few if we judge from the empty seats and the testimony of parliamentary reporters who know there are deputies with more absences than even...Andreas!

--Third duty: To participate in the work of the Parliamentary Group and to have no more than three consecutive absences or no more than four absences in a 2-month period. Who is keeping the score on this serious obligation, which as we know, is not fully implemented?

--Fourth duty: To submit a monthly report to the leader on their party activities. We would like to ask Mitsotakis how many reports he has received since he took office?

--Fifth duty: To go every weekend to their electoral districts, talk with the people, listen to their problems, work together with the party's nome committees, according to the famous Circular 91, and bring back the pulse of their constituencies. How many and who among the 111 fulfilled this obligation? At the Karavel some people said they had not seen their deputy for a whole year!

If indeed the activities of certain ND deputies are as limited as the rank and file claim, then we do not need to look very far to find the reasons for the party's lag in the provinces and agree that the worst enemy of PASOK is not ND but its own mistakes. To win the 4 percent needed to cross the line first ND will have to engage in a tough, fanatical, ascetic, and incessant super effort by its cadres, especially its deputies--whether the election is in October or in May in the event the presidential election takes place before Easter and the polls show that PASOK is losing further ground.

How About the Voters?

Let us turn now to the voters because they, too, are not in the clear. Unhappily they are not ideal fighters in their entirety. They are not determined, irreconcilable, demonstrative, totally committed to the extent the current situation requires. They do not have the arrogance of the warrior who believes in his victory. Worse still, some are victims of the brain-washing which for a long time has made them feel guilty for being...rightists!

They are ashamed to be called rightists, they vacillate when they talk with opponents; they buy PASOK-leaning newspapers and they display them on their desk so the boss will take them into his favor; they respond anonymously to the polls and ask that their name is kept out of the papers in newspaper surveys; they keep silent when they are mistreated by the state machinery; they advise their children to keep quiet at school; they drink without protest the TV drug of Maroudas-Stratis and often sleep under the soothing effect of the...mild climate!

If the leadership of ND is urgently required to show its new face in personalities, ideas, and activities, so is the voter expected to show a new face.

This time the labels "black reaction," "fascism", "retrogression", "dogmatism", and "foreign stooges" of the Americans or even of NATO belong to the other side. Times have changed. The leftist fashion is long past. We see this in the results of the student elections and in the panic of the Communist Youth Organization in the schools. The man of the future is the neo-liberal who has shaken off the partisan dust of the last 40 years and peels off with aversion the old party labels.

PASOK is in trouble, no matter how much some people talk about "scenarios", "consensus", "power pyramids" and "rigged games." Successfully or not, PASOK has fulfilled the role...history called it to play even though it tries with sophomoric cleverness to keep some accounts open...

PASOK is in trouble. It will be in even greater trouble if the 111 ND deputies decide to start fighting. In this electoral "derby"--whether in May or October--there are no "wishes from high places" /Karamanlis/. The best party will win. With just two well-planned blows, PASOK revealed its weak points and lost its voice. It's only needed to deliver 100 more blows at these weak points until the referee stops the fight and sends PASOK to the hospital.

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POLITICAL

GREECE

COMMENTS ON ND'S STEFANOPOULOS' FAR RIGHT OVERTURN

'No Future' Seen

Athens ENA in Greek 21 Feb 85 p 13

/Text/ The road to the leadership of ND passes through the party's more rightist wing. K. Stefanopoulos seems to accept this "bitter truth" now, following somewhat belatedly the recipe of success Ev. Averof used in 1981 and Mitsotakis in 1984.

K. Stefanopoulos' move to make an overture to the extreme Right by just touching the question of the imprisoned putschists shocked the ND leadership, not only because K. Mitsotakis can see the danger of losing some control of the more rightist wing, but also because the actions of Stefanopoulos "spoiled the broth" of the electoral campaign on the economic situation and public opposition to the division of the citizens into "PASOK followers" and "PASOK opponents." Everyone knows the economic crisis does not discriminate among rightists, leftists, centrists or extreme rightists.

With regard to the division between PASOK followers and PASOK opponents, Mitsotakis has found a unifying slogan: "Everyone who is not a PASOK partisan is ours." The first to respond to this roll call without extra invitation are the followers of the National Political Union /EPEN/.

The priority given to the two items is shown by the announced "tax reduction" and the emphasis on the excessive foreign debt which leads to "foreign dependence." The slogans, "No to High Prices and Unemployment" and "No to the PASOK State," are reminiscent of PASOK's electoral campaign which led it to power in 1981.

There is no doubt that the similarity is due to the advice of the American /public relations/ firms both parties employed. But everyone realizes that if ND limits its campaign effort to recover the 2.4 percent of EPEN, then its losses in the other direction will be much greater and its third defeat inevitable.

It is a fact that it is not only Stefanopoulos who tries to attract the party's conservative wing, but that the conservative wing is also turning to him. Many deputies who fought fanatically against the candidacy of

Stefanopoulos, trying to gain a good place in the electoral lists, are now turning to Stefanopoulos as they see Mitsotakis repeat the criteria for the lists. They tell Stefanopoulos, "how wrong we were!"

On the contrary, the supporters of Stefanopoulos, renovators and liberals (such as A. Adrianopoulos) now warmly support the new leadership because of Mitsotakis' "liberal openings" in ND ideology and its program. But certain cadres from both wings--M. Evert, Th. Kanellopoulos, St. Dimas--who reportedly disagree on the tax measures, are skeptical about these subjects.

In this ND landscape of realignments and changes, EPEN tries to open a dialogue. The day after Stefanopoulos' speech in Korinthos, Sp. Zournatzis, in an article published in ESTIA, addressed himself to Mitsotakis, posing this condition for changing ND into a party of the broader group of the "nationally minded": the expulsion of all residues of Karamanlis influence from ND.

EPEN moved along the same lines when in a statement posed as the condition for cooperation a promise that ND will free the putschists from prison. The publicity given to this subject by the pro-government newspapers, as well as the displeasure expressed by Mitsotakis and strong friends of Stefanopoulos, convinced him he had moved in the wrong direction.

Mitsotakis believes that if a separate party of the extreme Right enters the electoral contest it will give ND a convincing alibi to attract the centrist voters. "The votes have no smell," is often said by Mitsotakis. But Stefanopoulos cannot forget that he lost the ND leadership because he showed excessive sensitivity to the smell of ND's conservative wing.

'No Way' To Win Election

Athens MESIMVRINI in Greek 14 Feb 85 p 6

/Article by Alex Velios/

/Excerpts/ ND is seeking the secret of success in PASOK's self-defeating tactics. Only this can explain the recent opening to the political remnants of the dictatorship. It was the most improper choice at the most improper moment. It slowed down the dynamics of the ideological manifesto, undermined the very positive impressions from the tax proposals, and by contrast strengthened the propaganda from Papandreou's appearance in Moscow. At a time of scarcity, ND continues to live in luxury--it came to oppose itself!

Is it so valuable for the liberal camp to get the possible gain of 2 percent expected by the architects of the bridge to the extreme Right? The loss is likely to be several times greater: the opening to the extreme Right will cause losses in the opposite direction. Moreover, it will undermine the possible attraction of voters from the wider area of the Center as well as

from the area of disappointed PASOK followers. It explodes the efforts of ND in that direction. Is it possible to pass among the people a 'message of freedom' when it is accompanied by appeals to political groups which provoke the people's democratic sensitivities?

How is it possible to combine the adherence of centrist cadres with such political deviation? How can a party seek to convince those who look forward to the future by addressing itself to those who long for the past?

The opening to EPEN, especially in the way it was done, could turn into a symptom indicating that the ND leadership has lost its sense of reality and resorts to petty political methods because it is unable to devise a policy that touches on reality--a policy that will not address itself to this percentage of the extreme Right or that percentage of the Center but very simply to the great majority of the Greek people, responding to hopes and expectations forged in today's reality.

For such a genuine political confrontation with PASOK, the arguments exist--in the people's conscience--and they have been expressed with dynamics and clarity by the people in the last three and a half years.

A New Reality

The public bridges to the extreme Right (despite the fine distinction between EPEN voters and cadres) certainly create a moral issue. They also confuse the ideological image ND wishes and can show. They deprive the party of a fundamental element of unity and dynamism.

This is the major challenge for ND at this time: how to convince the people it has understood and it can respond to their needs, wishes and expectations as they are expressed in the new reality, the new dynamics. ND must embrace this dynamism, leaving behind the old-party views so it can reach not just narrow minorities but also the great majority of the Greek people. Only then can it convince the people it can govern better than PASOK.

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POLITICAL

GREECE

PASOK-KKE CONFRONTATION SEEN ONLY SUPERFICIAL

Athens | VRADYNI in Greek 6 Feb 85 p 9

/Article by Giannis Athanasoulas: "What Is Hidden Behind the PASOK-KKE Rift?"

/Text/ Is the rift between PASOK and KKE real? Is it permanent? Or is it artificial and temporary? Is it the result of irreconcilable differences? Or is it a pre-election maneuver of the Marxist Left or at least of one section of it? Above all what does it mean for the people represented by ND?

There is no simple answer to these questions. Nor is there an answer provided by the charges hurled by the two parties against each other or by the explanations given by them on their differences. In fact, some of these explanations are comical to say the least. PASOK accuses KKE of siding with the leadership of the Right and supporting it. On its part KKE accuses PASOK of having set into motion "a process of consensus" with the Right and for beautifying the establishment.

In reality the PASOK-KKE relation is a complex matter. It is not at all illuminated by their mutual...compliments. The two parties have common points but also points of friction. They are inspired by the same ideology but are also fighting with each other. Supposedly they are struggling for the benefit of the same social classes, but they have chosen different ways to make them...happy. In other words, they are a living denial of the Marxist prophesies.

The relationship of class-ideology-party has been demolished in the midst of a disheartening reality. This phenomenon is not exclusively Greek. It is worldwide. Marxist socialism has not removed the causes of disputes and conflicts at a national and international level. It did not bring brotherly cooperation. The Russian communists are at loggerheads with their Chinese comrades. Their Vietnamese co-ideologists are slaughtering and being slaughtered by the Red Khmer in Cambodia. The Yugoslavs are in permanent opposition to the Eastern Bloc. And the Eurocommunists hurl their slings and arrows against the "existing socialism" and its spokesmen in Western Europe.

It will be futile to search for ideological motives in this fighting with one another. It does not exist, or at least it is not prevalent. This is the incessant game of power and influence which becomes even more savage and

ruthless in the international Marxist movement because of its totalitarian character. At best there is an occasional tolerance dictated by specific and temporary expedience.

Something of the sort--within reason--is taking place in the relations between PASOK and KKE. Both Marxist parties fight over the same prey, the same political groups, the same electoral clientele. Therefore, their confrontation is inevitable. However, it is set aside to some degree under the pressure of the need to serve certain more immediate expediences.

PASOK knows that KKE can make life for it even more difficult than it is. PASOK has given rise to much unhappiness and disappointment which could lead to demonstrations, strikes, protests, and disorder. But it also knows that KKE is not an independent party. It is an instrument of Moscow. Therefore, if it wants to have KKE's tolerance, or at least some tolerance, it must first of all have Moscow's tolerance. Apparently PASOK has secured this with its known services to the Soviet foreign policy.

Moscow would, of course, prefer KKE to be in power and to have Greece among its satellites. But Moscow knows that for the time being at least such a thing happening is unlikely. For such a thing to become a reality PASOK must disintegrate and KKE must be the beneficiary. Therefore, KKE has every reason to keep PASOK in power until conditions ripen to have power pass from Papandreou to Florakis--not to ND. And let no one say that such an eventuality is entirely impossible.

In addition to the services it performs and has performed for the Soviet Union, PASOK has made many and excessive concessions to KKE: It opened wide the doors of the state machinery; it allowed KKE a free hand in the schools. With the law for the Higher Education Institutions (AEI) it has installed as a state within a state the communist organizations in the universities. Its lukewarm attitude toward KKE's stubborn efforts to infiltrate the Armed Forces and the Security Agencies under the subterfuge of their "democratization" is a cause of concern.

But the area where PASOK has offered the most invaluable services to KKE is that of the state-controlled information media (radio and TV) which have so much influence on the entire population. For the first time--to use a familiar expression of those who govern us now--KKE conducts its propaganda using not only its money but our money too. And its voice reaches the remotest villages in the country; the remotest corners of our land, wherever there is a TV antenna or a transistor radio.

Very expensive soap operas and many other TV programs serve as attractive packaging to pass on to an unsuspecting and ideologically disarmed public a daily, large dose of communist propaganda. In the last few weeks--for example--we see the mini-series "Ungoverned Cities." It has cost tens of millions of drachmas. Millions from our monthly payments. And what do they give us? In between the scenes of porno or nauseating romantic stories, they give us strong doses of communist propaganda.

In view of all this, what does it matter if there is some quarreling between PASOK and KKE? What is the difference? A rift would be real if PASOK opened an all-out ideological struggle against the communist movements; if PASOK dismantled the KKE operatives from all sensitive positions where it allowed them to establish themselves; if PASOK deprived KKE of the opportunity of brainwashing us daily with our own money. Since nothing like this is happening--nor is it going to happen--it is ridiculous to talk about a rift and consider it as an element of decisive importance for the future of our country.

The few phrases Papandreou devotes as criticism of KKE during PASOK's party conferences are tiny bells compared to the huge propaganda bell he, himself, gave KKE. It is as though he is trying to hold back an avalanche with sticks. For these reasons we are convinced that the rift will not go beyond an exchange of accusations. Papandreou will not stop seeking Moscow's favor in the manner he has sought it so far. Moscow's favor will act as a restraining rein for KKE.

Anyway, it is in Papandreou's interest to create the impression that there is a rift between PASOK and KKE, even if only verbal, because it will be used to quiet the reservations of the more conservative and moderate PASOK voters. But it is also in KKE's interest to cultivate the impression that PASOK's policies have been disappointing, not because it moved to Marxist applications but, instead, because it did not dare move ahead; and also the impression that only the "true Change" can save the country.

In reality PASOK paves a long-term road to communism, to serve its short-term partisan objectives. And if it continues to slide down in this direction anything is possible. Even the worst. Unless, of course, the majority of the Greek people realize in the meantime the dangerous road the country is forced to follow.

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CSO: 3521/187

POLITICAL

GREECE

KKE PROPOSAL FOR 'GENUINE NATIONAL INDEPENDENCE'

Athens RIZOSPASTIS in Greek 17 Feb 85 p 5

/The text of the document proposed by KKE is as follows/

1. In many ways--economically, politico-militarily, scientifically, technically and culturally--our country is tied to the NATO-American imperialists. Freeing our country from this imperialist dependence is a basic problem of real change. Its promotion is inseparably tied to the consistent democratization of our country and its independent economic development for the benefit of our people.

KKE categorically rejects the notion that the need to deal with potential national dangers dictates the preservation of dependence in one way or another. It believes the real national danger is the dependence itself. Our country can and must free itself from it.

2. The many faceted economic dependence is the basic mainstay of our country's whole dependence on imperialism. Foreign capital holds strong positions in basic branches of our economy, and it continuously expands them, both with the purchase of Greek enterprises and the extension of control by foreign banks over the Greek economy. The foreign banks in our country, from 2 in 1964, increased to 12 by 1974 and today number more than 20.

Our trade is unilaterally oriented toward the imperialists and for this reason it is uneven. Only 6.5 percent of our trade is with the socialist countries. The technological dependence takes on new dimensions. Foreign borrowing grows dangerously. Our foreign debt alone has reached 12.2 billion dollars according to official data. A growing portion of the wealth created by this country's workers is channeled to the treasuries of the imperialists. In 1979, 778 million dollars left the country to pay interest, profits, dividends, etc., while in 1983, 1,445 million dollars left the country.

With our country's association with EEC and its subsequent full membership, its economic dependence became deeper and the system of our country's dependence on imperialism became more complex. Decisions concerning important matters of national jurisdiction are now made in Brussels. The policies of the EEC agencies increasingly harm our national interests.

3. KKE believes an autonomous economic development for the benefit of the people demands that the foreign monopolies cease their unrestrained activities in our country. Also, abolish or revise the favoritist contracts and the legislation which governs the activities of the foreign monopoly capital in our country; break the regime of inflated or understated trade orders; limit cooperation with foreign capital only to agreements which are mutually beneficial and only in sectors of interest to our country; impose strict control over the outflow and inflow of capital and hit all forms of capital escape abroad.

4. KKE is opposed to our country's participation in the EEC. Life shows more and more convincingly that the only solution is: disassociation of our country from the EEC and on the way to disassociation struggle against the consequences of our country's membership in it.

KKE proposes the following targets of struggle toward disassociation:

A. Rejection of every step aiming at the completion of EEC's politico-military form, and rejection of any kind of abolition of the veto.

B. Banning the import of EEC products which hurt our domestic production.

C. Abolition of the freedom of capital transfers which legalize the escape of foreign exchange to the EEC countries and facilitates the takeover of Greek enterprises by foreign capital.

D. Non-implementation of the restrictive measures imposed by EEC on our economic relations with socialist and other countries.

E. Non-observance of the restrictions imposed by EEC on our industrial and farm production.

F. Permanent protection of the Automatic Cost of Living Adjustment (ATA) of wages and of the other conquests of the working people against the EEC efforts to abolish them.

5. Our country's cultural dependence on imperialism is rapidly increasing, especially after our country's induction into the EEC of monopolies. There is a national need to repel the efforts of the American and EEC imperialism to undermine our progressive national culture, to flood our country with the mass products of imperialist subcultures, and to graft onto our people the imperialist spirit of the "European Idea."

6. In the dependence system, the complex politico-military dependence on the Americans and NATO holds a special position. Our NATO membership, the installations of American-NATO bases on our country's soil and in general the overall complex of politico-military dependence has very serious negative consequences in every respect.

It supports the present regime of the monopolies and is a source of conspiracies and interventions in our country's political life designed to prevent substantial, progressive measures, and even more radical changes.

It undermines our country's defense ability. We know the ability of the Americans to virtually paralyze the entire defense system of our country.

It transforms our country into a center of provocation and a springboard against the socialist and progressive Arab countries and makes possible the entanglement of our country in potential adventures by imperialism.

It threatens our country with total annihilation in the event of a general or limited nuclear war, without excluding the big dangers through mistakes or other accidents from nuclear weapons stored in our country.

All this makes vitally necessary for our nation the duty of struggle to end the imperialist politico-military dependence. Promoting this duty, which is ripe in the conscience of our people, is a necessary condition for charting and implementing a truly independent foreign policy.

7. In this context KKE regards the following measures as necessary:

A. Greece's withdrawal from NATO and from its military wing as a first step. In effect this requires the immediate denunciation by the Chamber of Deputies of the Rogers Agreement; disassociation of the Greek Armed Forces from NATO command; Greece's withdrawal from the various NATO military committees and agencies; non-participation of Greek forces in NATO exercises; and a ban on holding such exercises in the Greek area.

B. A timely denunciation of the 1983 agreement on the American bases and notice to the Americans to start dismantling their bases in our country.

Pending the dismantling, banning the installation of any new base or the extension of those already in place; to place under control the activities of the bases and to arrange the legal status of their personnel based on Greek law; denouncing the so-called 108 agreements and immediately expelling from Greek soil the Voice of America station.

C. It is vitally necessary to remove all nuclear weapons from Greece. Their removal will avert the possibility of turning Greece into a nuclear target risking annihilation; and contribute to the creation of a nuclear-free zone in the Balkans.

The denuclearization of Greece must include the following specific measures:

(1) Removal of all nuclear weapons and every installation and means that can be used directly either for the detection and reconnaissance of nuclear targets, or for a nuclear strike or for the verification of the results of such a strike.

(2) Enforce a ban on transit through Greek areas and above all the stopover there of every means (airplane, ship, submarine, etc.) carrying nuclear weapons.

8. KKE rejects the NATO-dictated defense policy. KKE favors a national defense policy and the expenditures required by it. KKE believes the defense expenditures must allow us to procure or produce the war materiel required by our real defense needs, taking into account the peculiarities of the Greek area.

KKE opposes expenditures for war materiel required by NATO's aggressive plans because such expenditures do not assure the country's defense. In the 33 years of our country's membership in NATO its war expenditures increased 14 times, yet our defense problems were not solved; instead they became more acute.

On the basis of this reality, KKE opposes the so-called purchase of the century because this purchase does not solve our defense problems. Instead it strengthens the war potential of NATO's southeast wing, intensifies both the military and economic dependence on imperialism, and imposes unbearable burdens on our economy and working people for the benefit of the foreign monopolies.

9. The "danger from the north," which caused so much hardship to our country, is an "imperialist myth." In reality the only danger facing our country comes from the USA and NATO imperialists who insult our national independence and encourage the Turkish chauvinists in their provocations against our country.

10. Most problems between Greece and Turkey (operational control over the Aegean, Athens FIR, Limnos) derive from Greece's participation in NATO and especially from its re-entry into NATO's military wing. By remaining in NATO, these problems become more acute and are being used by the American and NATO imperialists as levers for pressuring the Greek government which was led to the 1983 agreement on keeping the bases and to the offer of Limnos and the Greek forces there to the NATO command, to the purchase of the century, the acceptance of AWACS, etc.

It is entirely evident that if Greece is disengaged from NATO all these problems with Turkey will automatically cease to exist.

In addition to these problems, Greece has differences with Turkey on the question of the Aegean continental shelf. But as international experience shows, this dispute may be settled peacefully on the basis of international practice and law.

11. With regard to the question of Cyprus, KKE believes it cannot be solved with the aid of the imperialists because they do not want a sovereign and non-aligned Cyprus, but a Cyprus which is their war bridgehead. The only way

to solve it is to internationalize it in the context of the UN resolutions to secure a non-aligned Cyprus territorially integral, sovereign, without Turkish and other foreign troops and imperialist bases. All countries must also respect the independence and sovereignty of Cyprus and avoid every intervention in its domestic affairs.

12. Our country's defense cannot be assured with the NATO-imposed defense dogma but with a truly new and genuinely national defense policy. This policy, which presupposes disengagement from NATO, removal of foreign bases and, in general, the end of the politico-military dependence on imperialism, includes:

A. The actual redeployment of the country's armed forces, using as the criterion the necessity to counter the designs of the Turkish chauvinists.

B. Securing the defensive means in quantities and in quality which is in line with the potential of Greece's defense area.

C. Differentiation of the foreign supply source for armaments and the development of the national defense industry within the limits allowed by the country's economy.

13. The implementation of the above proposals, designed to deal with the major problems of foreign policy, will assure the application of an independent anti-imperialist foreign policy. They provide the way that leads to the conquest of national independence, securing of the country's territorial integrity, and peaceful cooperation and friendship with all nations.

Our country has all the possibilities of moving forward in this direction. It has the necessary domestic supports: the mass, anti-imperialist movement of our people and our youth, the strongly rooted national conscience of our people. It is more than certain that every genuine step in an anti-imperialist direction will inspire our people and secure an ever-broadening and active popular support. It can also secure the necessary international supports in the socialist and non-aligned world and valuable supporters in other countries.

Greece will not be left alone and isolated when it breaks the yoke of imperialist dependence, the way the propagandists of dependence claim. Isolation from the international community exists today to a degree, precisely because of our dependence on imperialism. With Greece's disentanglement from the imperialist mechanisms, only the domestic monopoly oligarchy will be isolated. On the contrary, Greece will broaden its relations with the international community, something which will be beneficial for the country in every way.

14. Beyond doubt the foreign policy of the PASOK government shows that the PASOK leadership does not move forward toward the elimination of the

imperialist dependence or toward the implementation of an independent, anti-imperialist foreign policy. In reality it preserves all forms of dependence (NATO, the bases, EEC, etc.) and tries to achieve a certain improvement in its terms.

The Right cannot assure an independent anti-imperialist foreign policy. In effect, it implements the line of our country's total submission to the policies of the USA, NATO and EEC.

15. The breaking of our country's imperialist yoke and the implementation of a truly independent foreign policy can be assured only by a democratic government of real Change. A pre-condition for having such a government is the decisive upsurge of the people's united struggle for true change and KKE's strengthening among the people and in the legislature.

The Central Committee calls on KKE and KNE members and followers to totally spread KKE's proposal for the overthrow of the imperialist yoke and the conquest of an independent national policy. They must make it a cause for popular struggle.

They must bring to the people KKE's optimistic message that the country has the possibility of conquering its national independence; that the forces which can conquer it are the working class together with all working people, as long as they are united in their actions and with their struggle bring to office a democratic government which, supported by them and by all political forces of Change, will have the will and power to implement a program for the targets of true Change, which will lead to the democracy of the people and to socialism.

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POLITICAL

GREECE

KKE ACCUSED OF SPREAD IN YUGOSLAV PROPAGANDA ON MACEDONIA

Athens 1 KATHIMERINI in Greek 20 Feb 85 pp 1, 3

/Text/ Reliable observers have characteristically branded as "suspicious and as propagating deep concerns" the cooperation protocol the KKE-controlled Labor Center of Salonica /EKS/ signed with the Skoplje trade unions. It should be noted that the signing of the protocol following the visit of the EKS delegation in Skoplje from 14 to 16 September coincided with a period during which Belgrade and particularly Skoplje were increasing their attack on Greece by raising the "Macedonian minority" question which does not exist as far as Greece is concerned.

Indicative of these attacks is the fact that only a few days after the visit of the Greek Alternate Foreign Affairs Minister Karolos Papoulias to Belgrade, the Skoplje TV telecast on 1 February a documentary entitled, "The Torn-Up Macedonia," which accused the Greek government of "oppressing" the non-existing "Macedonian element" in Greece. According to this telecast the oppression began after World War II and continues to this day.

Reliable sources are pointing out that the KKE leadership and cadres follow a sufficiently undefined policy on the so-called Macedonian issue as to create serious concern. Specifically, K. Tsolakis, director of the KKE organizations and a member of the KKE Central Committee, speaking in Ioannina on 3 October 1983, stressed the following:

"We have comrades living abroad who are deprived of the opportunity to be repatriated when it is established that they are members of a minority living in Greece."

KKE Pressures

Very reliable sources say that KKE exerts pressures on the government for the repatriation of Slavo-Macedonian deserters who live in the Soviet Union, Poland and Hungary. Finally, the whole political world prudently confronted the insistence of the KKE deputies during the discussion in the parliamentary committee of the draft law on political refugees to eliminate the article's clause that the draft law's provisions concern only refugees of Greek descent.

The "Protocol"

The major points of the signed protocol are: At the invitation of the Skoplje trade unions a delegation of the EKS visited that city from 14 to 16 February 1985. The delegation consisted of Par. Pasraskevopoulos, KKE Central Committee secretary general, Moskos Boutsikos, alternate EKS president, Giorgos Mantzios, EKS vice president, and Kostas Arsemios, secretary general of POEEP /expansion unknown/. During the meeting at the Skoplje trade union headquarters the following were mutually agreed:

--To fully re-establish cooperation between the Skoplje unions and EKS. This cooperation will be continued and reinforced during the next period also.

--To restore the contacts and the specific cooperation between the major Skoplje unions and EKS.

--To schedule the exchange of delegations between the two unions for the purpose of establishing a long-range and specific cooperation on exchanging experiences concerning the management system in Yugoslavia with regard to the protection of the standard of living, the workers' vacations, the athletic and cultural life, etc.

--The Skoplje unions and EKS will exchange in the future written information also concerning the activities of the two organizations.

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POLITICAL

GREECE

GIORGOS PAPANDREOU INTERVIEW ON FAMILY RELATIONS

Athens MESIMVRINI in Greek 4 Feb 85 p 10

[Excerpts] The two of them are hot, current items: one as the warrior chief of New Democracy, the other as the quiet, nonconformer of the premier and leader of PASOK.

At one time they were friends. Today they are political opponents, representatives of two worlds that collide. Giorgos Papandreou and Andonis Samaras became friends during the dictatorship years when they met in America (1970) while students at the same university, Amherst College.

The presence of both in their parties is typical. They show themselves to be mavericks of their respective groups with a steady attachment to their principles. They are scions of great families.

Giorgos grew up under the shadow of two great political personalities: his grandfather's, Giorgos Papandrou, and his father's. Andonis is the son of cardiology professor Kostas Samaras. From his mother's side, Lena Samara-Zanna, he inherited a deep-rooted democratic tradition.

Their old friendship was the subject of our conversation. It was about this that we agreed to talk.

Rebel

Andonis easily fires off an initial volley not on the agenda:

"Giorgos feels his father's presence lay heavily on his shoulders. Perhaps this is the reason that makes him appear literally to follow his father's example which was always a rebellious one, within the shadow of his own father."

The above coincides with the "dissent" by Giorgos during the last PASOK Central Committee meeting, which was interpreted by many as the tip of a deeper underlying rift with his father.

It Was Not Dissent

Giorgos does not accept the premise that he "dissented."

What happened, and was expressed with different thoughts and proposals, was not dissent.

They were simply complementary thoughts on the suggestions that were made by the leader and the Executive Bureau. When a party's higher body meets--whichever party it might be--it gets together to discuss the points to be improved. We do not go there to ask each other about our health.

Question: This is correct. However, many have accused PASOK of not having a particular sensitivity to that kind of democratic procedures. Is this perhaps to blame?

Answer: This may be. This kind of discussion is not practiced in the parties, in all parties. I believe, though, that as we become more democratic in practice we help in the development of all democratic functions.

Question: Do you have different views from those of your father on political matters?

Answer: There are no differences on basic matters. It is a mistake for the different views to be interpreted as dissent. I touched upon subjects that had not been touched upon by others. I believe I complemented things. It was an exchange of views.

He Has Become Involved

Andonis has his own views about Giorgos as a politician, as--perhaps--a continuator of the family tradition.

"If we talk about succession in power, I will not be the one to give the answer, it will be the people. My opinion is that the people will again make PASOK the opposition party. If you speak about succession of leadership in PASOK, everything will depend on Giorgos' performance as a deputy. Absolute nepotism is no longer acceptable in Greece."

Admiration for Karamanlis

Giorgos as well has views about Andonis' political course. He actually enlivens his view with an episode he remembers from their days as university students:

"Andonis and I are friends."

And he emphasizes the "are" and not the "were" [same sounding words, but different spelling in Greek].

"We were the only Greek students at the university. We agreed that we could not stand the regime in Greece. Today what characterizes our relationship is that we have ideological differences. Andonis went his way and I went my way. Andonis--even within New Democracy--seems to represent a more conservative faction within his party."

A smile appears on his lips as he says:

"What impressed me is the passion that Andonis had for politics. Ever since we were at the university together he wanted to become a politician. He often made plans

about how he would act when he became a deputy. However, he was not yet clear about which way he would lean politically. I believe that in the end he was influenced by admiration for Karamanlis."

Cordial Relations

Andonis confirms their friendship.

"We had cordial relations. This was natural. Only the two of us were Greek. We lived in dorms next to each other; we had classes together. Today we avoid each other, but the old friendship has remained. Perhaps some find it strange to see us laugh together sometimes when we meet in the Chamber of Deputies. Of course, they do not know one thing, that that laughter has nothing to do with things today, that it goes back to those days."

I ask Andonis:

"For 4 years you lived away from your family. You became friends with someone your own age. This friend was not just anybody. He was the son and grandson of well-known politicians. He was actively involved in an anti-Junta organization (PAK [Panhellenic Liberation Movement]) that was against the regime you also hated. How is it that you did not follow the same political course as Giorgos? How is it you did not become a follower of Andreas Papandreou?"

Andonis answers immediately:

"The ease with which Andreas blamed America at a time while he--both academically and politically--was taking advantage for himself as well as PAK of all the benefits that America and Canada had to offer made a tremendous impression on me. He thus created the impression that he said one thing and believed another. He exalted totalitarian regimes, which, where they exist, have been shown to be hated by their people. Something else too, as a democratic Greek, I wished for unity to exist among all anti-dictatorship forces. However, it appeared that Andreas wanted to play the game alone."

They Beat Him to It

Andonis remembers a conversation he had with Andreas Papandreou in 1970. He had been invited to speak at the college on the dictatorship in Greece. On the second day of his stay there, he gave a lecture at the Department of Economics:

"It was a more specific speech in which he tried to justify his father's government's economic policy, for which he himself was responsible. I had ascertained since those days that he was willing to manipulate figures to fit the occasion. Something that he systematically does today. When he finished and was going to his car, I approached him and asked him, 'What do you think about the political and economic problem of Greece? What would you do if tomorrow you became premier?' Without hesitation he answered me, 'I would do three things: I would throw out the kings for good. I would find a permanent solution outside NATO; we must come to grips with this once and for all. Finally I would break up big businesses to strengthen and give substantial help to the small ones.'"

Andonis comments now on that threefold statement:

"Today he is, of course, the premier. Greece continues to be in NATO. As for the kings, others beat him to it. The only thing he achieved for certain was to break up all businesses, both large and small."

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POLITICAL

GREECE

VOA INSTALLATIONS ON GREEK SOIL PROTESTED

Athens ETHNOS in Greek 4 Feb 85 p 6

[Text] The Voice of America is a Cold War station that operates in our country and makes propaganda for the arms race in accordance with the sweeping plans of the American Pentagon and the CIA.

Its extensive broadcasting system is directed at almost all the peoples of the world and is coordinated by a special staff of psychologists.

In the next 5 years 1.5 billion dollars are to be allocated for its modernization. This is one phase of how the news media is to be used to establish world domination by the USA on our planet and in space.

With its broadcasts they seek to confuse people the world-over by making propaganda about the need for their disproportionate arms race.

There are 108 such stations to which 60 more are to be added, according to reports. To this effect, Israel and Turkey were sounded out but both countries refused to allow the "Voice" on their soil.

Two large stations were located in our country after the Civil War, one in Rhodes and the other in Erasmion Xanthis.

Turkish!

Two other smaller local stations are operating in Crete and in Athens for the information and recreation of American personnel in Greece.

But let's see what these stations are:

The Rhodes station: It has been in operation since 1952 and its broadcasts are beamed mainly at the Arab countries. Its operation began in 1952 as a floating radio station aboard the ship "Courrier" [US Coast Guard Cutter]. A few years later it was established on the island on land that was mandatorily expropriated by the governments of the Right.

Is is to be noted that the "Voice's" Rhodes station makes propaganda in favor of Israel and against the Arabs with whom we maintain traditional relations and cooperation.

This station broadcasts in Turkish or rather in "pro-Turkish."

It is usual for it to broadcast propaganda in favor of Turkey as happened recently with the proclamation of the pseudo-state by Denktas.

The inhabitants of Thraki fear that there is a possibility for setting in motion a separatist movement by the Muslims, as happened with the Muslims in Bulgaria, if this will serve the aims of Washington.

The Erasmion Xanthis station: This is one of the most powerful stations in the world and it broadcasts propaganda programs in 26 languages, however, it transmits mainly to the socialist countries...

It began operating in 1968 under the Junta, which made available to the "Voice" an enormous area with a fenced perimeter of 15 kilometers by the estuary of the Nestos River.

Illegally

It has one very powerful transmitter of 500 MW in the medium frequency and 10 of 250 MW on shortwave.

In Khrysopolis there is also a receiving center that picks up the programs by shortwave or by telephone from Greenville, USA, that are then relayed by the Nestos transmitters.

It must be noted that all of these propaganda programs are not controlled by the Greek government, which does not have the power to silence them, even if these broadcasts directly affect our national interests.

The greatest paradox is that the operations of the "Voice" have no legal status since 1977--ever since the agreements expired--and it operates illegally.

Such a serious matter as this was met by the governments of the Right through the exchange of simple letters with the US government. It was the period when Greece was under the gun.

Were the "Voice" broadcasting objective programs, if for example, it talked about scientific, technological and other achievements, condemned arms race and made propaganda for peace, we would say "yes" to its broadcasts. However, the opposite happens.

It broadcasts propaganda for the Cold War, the arms race, the overthrow of legally-elected governments and destabilizes peace in our area.

But, is it perhaps in our national interest, at least from a purely financial or other aspect? No.

While it does not offer us anything--not even a handful of dollars--it harms us, in addition to the aforementioned reasons, because:

In the event of war, the stations will become military targets because it is possible that they may be used as air navigational aids by the American Air Force and involve us in an unwanted general conflict.

They can carry out electronic warfare, not only against countries friendly to us, but also against our forces in the event of a Greek-Turkish conflict.

At this point I refer to the statements of the premier in the Chamber of Deputies.

"War"

Electronic war in our days is the most treacherous and implacable war that could actually neutralize our national defense during the critical initial hours of the war by jamming until choking off all our frequencies. All this without discovering the identity of the jammer.

Because of their great power, they often jam our frequencies and diminish our national range which is a very narrow one.

Finally, it involves us in the psychological war between the superpowers that is waged via the hertzian waves (hertzian guns), even in peacetime.

But the matter of the "Voice" is closely entwined with that of the American bases in our country and it must be dealt with in a similar manner, that is, with the signing of a timetable for its speedy removal and not its remaining, as it appears from the talks currently taking place.

This, on the other hand, would be contrary to the expressed will of the majority of our people and would not make any sense because:

In addition to the above reasons, its removal is necessary because its existence is contrary to the constitution under which solely the Greek State has the exclusive monopoly of radio and television broadcasts in the entire nation.

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POLITICAL

GREECE

NATO CONTRIBUTION TO RESEARCH REPORTEDLY KEPT SECRET

Athens ENA in Greek 7 Feb 85 p 16

/Text/ The only activity that NATO wants to make public is considered as top secret in Greece. This activity is the financing by NATO of the research and development programs.

The reasons for the "concealment" of this activity must be domestic. The PASOK government does not want the Greek people to know that NATO considers our country as a reliable and steady ally and therefore entitled to the financing of such programs.

The scientific programs for strengthening NATO stability were approved in June 1981 at the NATO conference. They are designed to strengthen the scientific and technological programs of Greece, Portugal and Turkey. Sources close to NATO say that since 1981, when these studies began to be financed with considerable sums by the political organization of the Alliance, the picture is as follows:

--Turkey's cooperation with NATO in this sector is very advanced with five projects in full swing while several sub-projects have been completed.

--In Portugal four major projects are in progress while a fifth is nearing completion of its planning stage.

--A NATO report says that difficulties, totally unrelated to the scientific programs for greater stability, have caused a slower than anticipated pace of progress in Greece. Nevertheless, according to this report, one major and one middle-level project are in progress, dealing with the sector of aeronautics and the management of water resources, respectively.

Existing data show that until 31 December 1983 the Greek programs absorbed 568,000 dollars or 11 percent of the total U.S. contribution to the overall program (5 million dollars), while Turkey and Portugal absorbed 65 percent and 42 percent, respectively.

The first Greek completed project financed by NATO dealt with a method of drying raisins. A demonstration test was successful. The project was

directed by Prof. A. Deliyiannis and a NATO report states that complete success requires an improvement of the used prototype.

The second project financed by NATO--which has progressed considerably--is directed by Prof. Th. Xanthopoulos. It deals with the resource management of the Aliakmon River in Northern Greece. The installations for the collection of data included automatic weather stations, devices for the measurement of the river flow, etc. The project is financed by the Ministry of Research and Technology. Last June a NATO official inspected the project.

As noted in a NATO report exactly a year ago the Greek government cancelled a third project under Dr. E. Papadofrangakis of the Greek Aircraft Industry /EAB/ for the construction of an air tunnel.

Greek-NATO cooperation in the sector of research and development gained new impetus in July 1984 when five new projects were approved.

The first, under Dr. N. Tsimenidis of the Institute of Unicellular Biology and Giotechnology of the Crete Research Center, deals with the assessment of the Aegean's fish population, using for this purpose a hydroacoustic technique. The second project, under Dr. A. Eleutheriou of the same Center, is ecological in nature and deals with a study of the food chain in the Aegean.

The third project, also under Tsimenidis, deals with planning and construction of a research vessel which will serve the other two projects. NATO will contribute toward the construction with a maximum of 400,000 dollars. The selection of the construction company will take place in March 1985 and its construction is expected to be completed in 1 year.

The fourth project deals with the production of plants, mostly vines free of viruses, and also with the development of an immunity and diagnostic method. This project is under K. A. Angelaki-Roubelaki and Prof. N. Panopoulos of the Crete Research Center.

The last project, which was approved in July 1984, deals with automation of the administrative sector and is also financed by the Ministry of Research and Technology and the EEC ESPRIT Program.

7520

CSO: 3521/186

POLITICAL

GREECE

NATO ASSISTANCE FOR FISHING RESEARCH SHIP RAPPED

Athens PONDIKI in Greek 8 Feb 85 p 11

[Excerpts] We are acquiring with NATO funds, a boat for fishing and ecological research in the Aegean!!! Yes, under the Science for Stability program NATO is financing 80 million drachmai for "the building of a vessel for fishing research."

The ministry of Research and Technology is implementing the program and the rationale for it is:

"Enough with the Turks coming out into the Aegean with oceanographic ships. We will build our own so they will not use the excuse that they come out from the Dardanelles to see what kinds of fish are found in the Aegean..."

And just when we say that something is about to happen, we "jump" and enter deeper into the warm embrace of the Atlantic alliance.

The fishing ship, which is to be 23.5 meters in length, will cost about 80 million drachmai and just as much more for the necessary scientific equipment. The bidding was to take place on Tuesday, but it was postponed until the 18th of the month. Already the Khalkida Shipyards (Did we say Karas?) as well as the Elefsina Shipyards have shown interest. The aim of the program is for the boat (owned by the government and to be operated by the Crete Research Center, which is run by the University of Crete) to be ready in September.

A second vessel for oceanographic research is already under construction at the Khalkida Shipyards. The total cost will be more or less 250 million drachmai with an additional 80 million for the scientific equipment. It is estimated that it will be ready by July. The vessel will be operated by the Oceanographic Research Institute.

9731
CSO: 3521/182

POLITICAL

GREECE

EEC FINANCING SEEN CAUSE OF ELECTORAL GEOGRAPHY

Athens I VRADYNI TIS KYRIAKIS in Greek 10 Feb 85 p 17

/Article by columnist Nikos Delipetros/

/Text/ The predominance of the major opposition over PASOK in various cities is beyond doubt. Speaking for the second time to 2,000 elected representatives, ND Chairman Kostas Mitsotakis proclaimed that as of now the major opposition constitutes the first party. No one doubts this assessment which Mitsotakis based, as he said, on the repeated, irreproachable opinion polls.

Yes the impression is wide that while PASOK's strength has dropped in urban centers it continues to be strong in the villages and towns. This phenomenon has been the subject of many debates and interpretations. During the meeting of the 2,000 ND representatives at the Hotel Karaval last Sunday and Monday, this subject of the vote difference in cities and villages was also a topic of discussion. This column too will try to join such discussion.

In the past "the electoral geography" of Greece was well defined. There was a corresponding correlation between the city and countryside vote. The rise in the strength of a party in the city by one percent was followed by a corresponding rise in the countryside. In the past when no computers existed some people could foretell the election results throughout Greece from the results of two election districts in Athens...In the past the residents of cities came from villages whose home, however, is still the village and many families had interests in both places--there was, that is, a community of interests between the cities and the villages.

But things began to change suddenly. The phenomenon appeared first in the 1982 municipal elections and manifested itself completely in the 1984 Euro-elections...The country's electoral geography changed suddenly. The electoral wave ceased to generate in the cities and moved out "unobstructed" toward the country...

One of the basic factors which differentiates the countryside's vote is the party controlled state, the impudent partisan state and the uncontrolled

para-state. The efficiency of partisanship in the countryside is very positive since in the villages "the opposition," any opponents, are known. And the efforts being exerted on them to stop being in the opposition--to convert them--are effective.

On the other hand, in the cities, the citizen is lost in the anonymity of the crowds. In the village he is well known; he has the same problems as the rest of his fellow villagers and frequently goes to the coffee house preferred by the opponents (those of the same political persuasion). An opponent, therefore, is pressed to change political beliefs or--which is more practical and radical--the...coffee house itself is pressed to change its political environment or the coffee house owner must find another job!

In the village the oppressive machinery of the state and para-state has a defined target and it is efficient, while in the cities such oppressive tactics are meaningless.

However, it should be admitted that the economic climate in the village is better today compared to the cities. During the 1981-84 3-year period the PASOK government had EEC as its masked enemy and had fought it throughout the election campaign. Yet, the economic assistance EEC has given to Greek agriculture during this 3-year period exceeds 300 billion drachmas and, to its largest extent, has bettered the income of the farmers. This "river of assistance" has literally saved the farmers and...the PASOK government. From this view it should be admitted that Kostas Mitsotakis was absolutely right when he said 2 years ago: "Do not be disturbed. Andreas will not leave EEC, even if we kick him out..."

The irony of it all is that the PASOK party, which fought tooth and nail against our country's admission into EEC; which during this fight embraced the most intansigent anti-European positions; which as a major opposition refused to be represented at the ceremony of the country's induction into EEC, this party--PASOK--now hopes to win the election with the vote of the villagers, the farmers, thanks to the assistance EEC--the organization it fought--is giving to the Greek farmers...

PASOK fought as hard as it could against the interest of the farmers. Yet since 1982 its candidates are preferably supported by them!...It should be admitted that in this area PASOK has scored a propaganda success, a victory which is unique in world political chronicles.

But it should be admitted that PASOK's excellent achievement is to a great extent due to the fact that the ND has failed to enlighten sufficiently the world of the farmers about the importance of Greece's induction into EEC--an induction which radically changed the fate of Hellenism.

I remember and I shudder when in the past /before 1981/ the TV showed our farmers receiving EEC assistance checks and the whole country shook with protests and demonstrations of the then major opposition (PASOK). The

Greek farmers should know --surely must have learned it by now--that it is the EEC treasury which is generously supporting the Greek agriculture and ensures the present and the future of the Greek farmers.

One of the main reasons, therefore, that the villages do not experience the financial crisis of the cities is the assistance given by EEC, an assistance which the PASOK propaganda effectively succeeded in confusing with the subsidies given the farmers by the state budget. This intensive propaganda has created the impression among the villagers that the rise in the standard of living of the farmer is ostensibly related to the PASOK government's policy in the agricultural sector.

The PASOK government is collecting from the EEC, thanks to the ND governments which provided it with the right to collect--to get billions of drachmas in assistance. It is about time that this is made known to the people in the countryside, that the disaster of PASOK's economic policy would have created an unprecedented misery in the countryside if it were not for our admission into EEC which supports our farm income and for the moment keeps the crisis away from the villages which plagues the cities.

As I mentioned earlier, PASOK's propaganda achievement in misleading the villagers is unique in world political chronicles since, throughout the world, the farmers' vote, as a rule, is conservative. In the farm areas the ties with traditional values are stronger. In Greece particularly, where no large ranches exist--as a result of the 1910 apportionment--there is an additional reason for the farmer to vote conservatively--it is the close roots the proprietor has with his land...It is internationally believed that this small parcel proprietorship as it exists in Greece maintains the so-called "social health."

As a rule then the Greek farmer voted conservatively in the past and their votes were split between the populist and liberal candidates. I might add that in our country, except for some rare protests, no farm movements took place since the land was redistributed. For the first time then our farmers appear to be overcome by a revolutionary hysteria and to be voting the Left! Could it be that PASOK is not leftist? Or could it be that its law on cooperatives does not take away from the farmers the right to freely dispose of their land and their production? It could be, but, then, the law is not implemented in all its aspects. We agree that political expediencies dictated that the law's provisions on cooperatives not be fully implemented. But PASOK has made clear how it eyes proprietorship and Greek farmers' autonomy.

PASOK's propaganda has performed miracles. ND does not have to perform miracles. It simply must give the villages the needed enlightenment. Especially, it must visit the villages; it must draw up the list of its candidates according to their interest and activities in the villages; its representatives must go to the villages and tell our farmers the truth--tell it in the language the farmers understand. And those politicians who ignore this language, this way of telling the truth, do not deserve to run in agricultural areas.

POLITICAL

ICELAND

COALITION STILL OUT OF FAVOR, INSTANT COMEBACK FOR SDP

Reykjavik NEWS FROM ICELAND in English Mar 85 p 3

[Text]

Iceland's government continues to enjoy the support of only a minority of the electorate, according to the trend revealed in an opinion poll conducted by the afternoon daily DV last month.

If an election were held now, however, coalition members the Independence and Progressive Parties would still win a narrow majority, a parallel poll indicated, although the Progressives would lose their place as the second-largest political force in the country to the Social Democratic Party, which appears to be making a dramatic recovery after waning fortunes in recent years.

Compared with the last DV survey in October, government supporters within a 600-strong sample have increased by 1% to 35%, although such an outcome offers little consolation for the centre-right coalition, whose opponents have added 2.5% to reach 41%.


Government parties lose some ground

Gains on both sides in effect represent a slight polarization of attitudes, as the number of undecided have dropped correspond-

ingly to 13.3%. The large number who either could not or would not commit themselves is still, however, an extremely large 24%, leaving all speculation as to hypothetical election results very much up in the air.

Support for the government in DV surveys peaked last March with an absolute majority, falling sharply during the autumn wave of strikes when less than half of those who took sides at all came out in favour of the coalition. The pattern of this latest DV poll is almost identically reproduced in a survey published by the weekly HP around the same time.

Voter indecision also leaves its mark on polls of support for individual parties — nearly half of another 600-strong DV sample (29.2% undecided and 17.7% who refused to answer) expressed no preference at all. Counting only respondents who committed themselves to naming one of the six political parties currently represented at Iceland's Althing (parliament), the right-wing Independence Party came out in its traditional top placing with 37.3%, meaning that it would hold its present 23 parliamentary seats, although this represents a con-

	Iceland	Scandinavian Average	Sweden	Denmark	Finland	Norway	W. Europe	E. Europe	USA
Church	71	46	37	49	52	51	48	55	75
Educational system	68	68	60	64	72	80	55	54	65
Courts of law	68	76	70	79	80	84	65	49	51
Newspapers	16	31	27	30	30	41	31	35	49
Trade unions	46	51	47	49	57	56	32	32	33
Police	74	83	78	85	85	88	76	65	76
Parliament	56	53	43	36	68	77	45	40	53
Public institutions	48	48	41	46	53	57	43	39	55
Large businesses	32	38	36	33	41	45	40	37	50

Asked in the international Gallup poll of values: "How much confidence (a great deal, quite a lot, not very much or none at all) do you have in the institutions named above?"

A geographical break-down of percentages responding "a great deal" or "quite a lot."

siderable fall in support from the early days of the government.

Coalition partner the Progressive Party only received a 13.2% following in the DV survey, but recent polls by HP and the daily NT have recorded a much smaller drop from its 19% voter support in the 1983 general election. On the basis of DV's results, the Progressives would theoretically lose six of their present 14 parliamentary seats — however, their strong power base in rural constituencies where fewer votes are required to gain election would actually play down the effect of this swing considerably.

Opposition regroupings

All polls agree that the Social Democratic Party is riding on the crest of a wave at the moment, named by 20.1% of DV respondents to become the second-largest political party in Iceland today. Energetic publicity — somewhat reminiscent of election campaigning — by new SDP leader Jón Baldvin Hannibalsson has un-

doubtedly helped it reverse what was becoming a slide into obscurity, most graphically illustrated by a poll last October which placed it bottom of the six Althing parties. On the strength of its current support, the SDP would double its parliamentary representation to 12 seats.

The Social Democratic Alliance, which broke away from the SDP before the 1983 election and won four Althing seats, was the choice of 6% of voters interviewed by DV. While this amounts to a 1.3% drop from their election result and the theoretical loss of one seat, the SDA reformists now appear to be stabilizing their share of support after poll outcomes towards the middle of last year which implied that they would be wiped out from the Althing altogether.

Considerable soul-searching must be going on within the left-wing People's Alliance, which traditionally jockeys with the Progressives for the title of second-largest party. Its poll rating of

13.5% is seriously down on the 17.3% vote it picked up during the 1983 election, against the trend for parties to gain credence among the public while in opposition.

The revived appeal of the SDP must have cost the PA some support among the drifting left-of-centre electorate, and others among its less traditionalist followers have conceivably swung over to the Women's Platform. Appealing like the SDA across established party-political boundaries, the Women's Platform was chosen by 10% of DV respondents and would double its number of Althing seats to six, showing it to be a much stronger force than many of its opponents originally reckoned with.

Rampant indecision

Despite the fact that DV's polls have often been uncannily near

the mark when elections are held, it is the large number of "non-supporters" that leaves a large question mark looming over Icelandic politics at the moment. The "Don't know" faction is actually the winner by a long distance in the DV survey — and those who refused to answer were only just pipped for second place by the Independence Party.

As greater numbers come out either for or against the government, an increasing proportion seem unwilling or unable to commit themselves as to which way they would vote. In a country with a normal election turnout in the region of 90%, this could well cause politicians to brush up on their appeal to floating voters — possibly years before the next general election is held.

CSO: 3600/12

POLITICAL

PORTUGAL

COMMENTS ON CHANCE OF RIGHTIST, LEFTIST MILITARY COUP

Lisbon TEMPO in Portuguese 1-7 Feb 85 p 4

[Commentary by Antonio Marques Bessa]

[Text] The growing attention shown by parties and political organizations to the military area indicates that civilian society is looking again to the barracks in search of signals. On the other hand, the carefully programmed attacks against the current military chiefs demonstrate that the specialists in the techniques of persuasion are seeking to create certain types of inhibition, certain models of behavior and some expectations.

The terrorist acts this week also have some significance in this regard. In addition to demonstrating that the government is in a state of disarray and accelerated feudalization, the terrorists are exhibiting a new type of provocation against the authorities. Not against the civilian authorities, who are already known to be ineffectual, or even against the public, which looks upon the bombings with indifference. It is really a provocation against the armed forces, a way of saying that there are groups which possess war materiel, when this is the monopoly of the military institution. The targets on the Tejo River could not even be reached and the operatives must have known this. So what were they seeking? The publicity which they received in the newspapers and an act of gratuitous violence, followed immediately by another assassination in Vila Real.

The provocations are an attempt to flush the rabbit out of its hole, to bring about the militarization of the society, or at least military intervention, in order to take advantage of the new political conditions that would soon follow. In fact, we are confronted with police problems, problems of good policing, and with acts in defiance of a very poor government, which allows them to go unchecked, while it wars with the president.

Are the conditions there, then, for a "golpe" [coup]? And could and should the military conduct one?

The conditions for a military coup are always present in countries like Portugal, Argentina, Panama and so on. An unequalled force is concentrated in the military institution, which is accustomed to intervening in the life of the state. When there is a situation of discontent, of disorder, and

terrorism is entering the picture, and when there is also strong enmity among the organs of government, you can be sure that the conditions are there.

It remains to be seen if they will be used, and this is where propaganda and provocation come in to hasten intervention at the wrong time or to eliminate any future possibilities for correct action.

Thus the Left has fostered the idea of an imminent rightist coup, accusing the current military chief of placing "golpistas" in the positions of control. By any objective analysis, it is obvious that a rightist military coup would be the greatest mistake at this juncture. The economic situation is a disaster, but not so disastrous as to motivate the people to hail a "condottiere." The ousted political class could always argue that the country was being extremely well governed, that it had had a stupendous democracy and that the autocratic and fascistic military had abused their power and had interrupted a glorious experiment. In the role of victim, persecuted and exiled, this political class would lay all the blame for the difficulties on the shoulders of the new holders of political power. In the end, the political class, which cannot reach any agreement now, would come together in perfect harmony to isolate and eliminate the "golpistas." The "golpistas" themselves would be receiving a burdensome legacy; it would be difficult to govern and impossible to bring about recovery without onerous sacrifices. They would be unpopular and despised.

Abroad--since Portugal is not a part of Europe--the rightist military model is not acceptable. Also isolated abroad, the "golpistas" would see the venture end quickly and, in the end, they might be forced to stand in judgment before Soares or Cunhal. The civilian collaborators in the venture would fare much worse.

These and other reasons lead to the conclusion that such a coup is not only undesirable but stupid. It would not start from a legal state organ; it would not be able to control the ensuing situation; it would be incapable of neutralizing the gains of the ousted political class. It would hardly have support abroad. This is why so many people are interested in such a coup; they are almost begging for it. Soares would rub his hands with satisfaction and so would most of the political class. The Left would be quite happy to see the grim fascists again and the planned festivities could proceed calmly.

Other Side

Well, if a rightist coup is stupid, the same is not so true of one led by the Left and for the Left. It could have support abroad; it would be progressive and would appear to be simply a correction of the political system instituted by the April military. The 25 April Association, the intrigues and allegiances that are always present within the armed forces, the easy acceptance of optimistic ideologies in the military milieu, the lack of professionalism and competence in the military institution: all these are favorable factors. In addition, the "golpistas" could count on the close cooperation of part of the current political class and perhaps of some organs of government, which would certainly be interesting. And whereas the rightists would not even be able to win any sympathy in England or the United States, the leftists could immediately have

the sure support of the communist powers and, finally, the tolerance, grudging or not, of the Western powers.

Could they do it, then? Perhaps not, because of the possibility of a swift response within the military institution, since it has been exceeding well tooled since 23 April. For this reason, the plotters might doubt the possibility that the scheme would work a second time, no matter how excellent the prospects.

Hence, when there is talk of a military coup, it obscures the fact that the logical coup, and the one with the most possibilities at this point, is in fact that of the socialist sector, and when there is insistent talk of the possibilities or the theoretical musings of the conservative military, this only represents a smoke screen to obscure the possible meaning of the "manifesto," meanwhile favoring the real "golpistas."

In any event, what affects the country's experiment the most is precisely who is involved in it. The country must look at the system for which it voted and ascertain what purpose it serves and where it is leading. This generation and its politicians are going to strike bottom, but both the civilian society and the military institution must understand that, at this moment, there is only one individual who is capable of reversing the march and opening the way for the use of force; it is the president--at war with Soares, a war which is now in earnest.

And haven't they seen already that he is an astute man, who has understood this?

6362

CS0: 3542/103

POLITICAL

PORTUGAL

FIRMINO MIGUEL CANDIDACY: CONTRADICTIONARY STATEMENTS

Meeting with Eanes

Lisbon TEMPO in Portuguese 1-7 Feb 85 p 1

[Text] Firmino Miguel recently met for about 1 hour with Ramalhao Eanes at Belem Palace to discuss his more than likely presidential candidacy. According to sources reached by TEMPO, Ramalho Eanes listened attentively to Firmino Miguel's reasons for seeking the presidency of the republic and seemed willing not to oppose him and even appeared receptive to the idea of supporting such a candidacy. It is noted that Firmino Miguel has been mentioned as a candidate of the PSD [Social Democratic Party] and CDS [Social Democratic Center Party].

Miguel Protests

Lisbon DIARIO DE NOTICIAS in Portuguese 2 Feb 85 p 4

[Text] Firmino Miguel, vice chief of general staff of the army [vice CEME], told the Portuguese news agency ANOP that his name is being "subjected abusively to speculation." The general was referring to a report that he had discussed his "more than likely presidential candidacy." He added that he had had no meetings in this regard with any political figures, including the president of the republic.

Working Luncheon

Lisbon DIARIO DE NOTICIAS in Portuguese 3 Feb 85 p 4

[Text] Yesterday on the outskirts of Portugal, Gen Firmino Miguel lunched with Brig Gen Pires Veloso, Gen Correia da Cruz and a group of northern businessmen, ANOP reports, citing a "source close to the sector." The same source reported that the purpose of the meeting was "to try to ascertain how a possible Firmino Miguel candidacy would be received in the north."

'Autonomous' Candidacy

Lisbon O JORNAL in Portuguese 1-7 Feb 85 p 9

[Excerpts] Firmino Miguel admits he is a candidate for the presidency of the republic, not as a party candidate (of the

PSD or CDS), but rather as a candidate proposed and supported by independent figures, O JORNAL has learned from sources considered close to the general. This would not, however, rule out the possibility of PDS support--considered a prerequisite for his candidacy--or even CDS support. What the current vice CEME would like is a candidacy similar to that of General Eanes in 1976 and 1980: autonomous, but with party support, the same sources told O JORNAL.

In a posture which is prudent, if somewhat uncomfortable, Gen Firmino Miguel is maintaining his silence--on one hand, because his situation as an active military officer prevents him from developing contacts, at least openly, with political leaders and, on the other hand, because as someone who has been the "eternal candidate" (without ever formally declaring any candidacy), he would prefer not to appear to be actively in the race for Belem until everything is settled.

The sources contacted by O JORNAL told us that although Firmino Miguel would in no way rule out the idea that forces like the PSD or the CDS could come to support him as a presidential candidate, he would insist on an autonomous candidacy, directed by a committee of independent figures and one in which individuals affiliated with political forces could also play a part if they were disposed to support him.

According to the sources, although Firmino Miguel sees this as the ideal scenario, this does not mean that he considers his candidacy as a foregone conclusion. The internal problems that could be generated in the PSD and other unspecified factors could make the race to Belem inadvisable.

Miguel Not in Touch with Eanes

Mota Pinto, who has already brought up the name of Firmino Miguel to the district committees and the Permanent Commission of the PSD, appears increasingly interested in his candidacy. The CDS itself does not rule out its support and those within the PSD who initially preferred Lemos Ferreira--such as Angelo Correia--are apparently disposed to drop Ferreira in favor of the vice CEME.

At the moment, the only remaining opposition to a military officer as the PSD candidate seems to come from the Marcelo Rebelo de Sousa faction, Alberto Joao Jardim, the JSD [Social Democratic Youth] and ministers Rui Machete and Amandio de Azevedo. The majority faction not only appears increasingly interested in this solution but is even "leaking" the information that there could be an agreement with Eanes to support Firmino Miguel. On the other hand, sources close to the general officer deny that he has had any contact with Belem or even any official contacts with party leaders. Directors of the ex-CNARPE [National Action Committee to Reelect President Eanes] also deny that any understanding has been reached with the vice CEME.

POLITICAL

PORTUGAL

POLL RESULTS: PINTASILGO STILL FIRST, PIRES REPLACES SOARES

Lisbon SEMANARIO in Portuguese 2 Feb 85 p 15

[Article by Margarida Viegas]

[Text] In their unfathomable patterns, the NORMA surveys now deny Mario Soares even a chance at the second round of the presidential elections, when, just a month ago, he was fully assured of reaching the second round. In contrast, the statistical enthusiasm for Lucas Pires more than doubled; he is suddenly the candidate in second place, a place which, on an alternative list, goes to Alberto Joao Jardim. And whom would Lucas or Jardim face in the decisive election? As usual, Pintasilgo, who is in first place, at least until some other candidate appears, for whom 40 percent of the citizens are still reserving their votes.

Exclusive NORMA/ SEMANARIO Poll

Thus begins presidential year 1985. Between 14 and 21 January, NORMA asked the sacred question: "If elections for the president of the republic were held today, and the candidates were as follows (List 1), for whom would you vote? And if the candidates were the ones on List 2?" (the only difference being the substitution of Alberto Jardim for Lucas Pires and Balsemao).

The majority of those surveyed rejected both lists. The percentage of those who would not vote for any of the names presented, in alphabetical order, on two separate lists, even rose significantly from December to January. In examining the results, then, it must be remembered that 45 percent of the country had no response, a silence maintained by an absolute majority, incidentally, in Coimbra, Porto and Viseu.

It is possible that, as the moment of the real definition of the parties' presidential strategies approaches, the purely hypothetical candidates will become less convincing in the eyes of the citizens. From this standpoint, Lucas Pires or Joao Jardim, for example, are not on an equal footing with Maria Lourdes Pintasilgo, the pre-candidate in March.

The same applies to Salgado Zenha, who was included among the possibilities for the first time and did not attract any significant vote. And who knows but what the fact, of which we are so constantly reminded, that Dr Soares must perform his role as prime minister will not affect his presidential "score"?

Pintasilgo Stable

In short and specifically, Pintasilgo has stabilized at around 25-26 percent, neither advancing nor falling back. Apparently, the nationwide and palpable confirmation of her candidacy has not brought her any more followers than she already had in May 1983, when everything was suspended in a vacuum, except for her unique personality.

Although we are not publishing the results of the poll in their entirety, NORMA conducted it, as usual, by city, sex, age and socioeconomic class for the two suggested lists of candidates. It reveals that the strongest support for Pintasilgo is still in the south, above all, in Evora, but also, with some emphasis, in Lisbon. Her worst showing was in Porto, where, in any event, she held the lead, as she did with some fluctuation in all the other columns in the survey. It is noted, however, that she has less approval from the middle class than at the extremes; the high and low classes join in the same admiration.

Feat of Lucas Pires

For his part, Luca Pires pulled off a real statistical feat; his support grew by more than 150 percent in the space of a month. Whereas, in December, his percentage and that of Pinto Balsemao together totaled less than that of Alberto Joao Jardim, now Pires has surpassed the Madeiran leader, obtaining almost 14 percent of the total vote.

In second place on List 1 everywhere except in Porto, the centrist leader can be particularly thankful to Lisbon (15.4 percent), Evora and Vila Real. He is a candidate who pleases women and young people and, above all, the most advantaged socioeconomic class, which practically puts him on a par with Pintasilgo, but behind her.

Soares: What Is This?

Soares: a decline. Without warning and without explanation, 1 month after his best showing ever, he comes close to his worst (8.2 percent last September). Comparing the two lists, it is seen that the entry of Jardim on the second list (replacing Lucas Pires and Balsemao) took points away from the prime minister, placing him below 10 percent.

Surpassed on one list by Lucas Pires and on the other by Joao Jardim, Soares only held on to second place in Porto (where both Pintasilgo and the centrist leader fall below their average and there is enormous indecision among the voters). Beg pardon: Soares is also the second-most favored among the least advantaged class and, on List 1, among the middle class.

Jardim without Coimbra

Regarding Alberto Joao Jardim, after coming in like a lion, in November, he has been stagnating at 13.2 percent and is the champion of inconsistencies: he ranges between a maximum of 16.3 percent in Evora and a minimum of 1 percent in Coimbra--which spoils his average, incidentally, putting him behind Zenha there. He has good support in Evora, Lisbon and Vila Real, among the ladies and the upper class.

Table 1: "For which of these candidates would you vote?" (List 1)

<u>Candidate</u>	<u>Total</u>	<u>Coimbra</u>	<u>Evora</u>	<u>Lisbon</u>	<u>Porto</u>	<u>V. Real</u>	<u>Viseu</u>
Pintasilgo	25.0	22.6	37.2	28.6	15.2	22.8	16.4
Lucas Pires	13.9	10.3	15.2	15.3	11.1	15.2	10.4
Mario Soares	11.1	4.7	9.3	10.7	13.9	15.8	7.9
Balsemao	3.3	2.8	4.3	3.8	1.8	10.9	1.6
Salgado Zenha	1.7	1.8	-	1.0	3.4	4.6	2.1
None of these	37.5	54.7	31.6	30.8	50.7	29.4	54.1
No reply	7.6	3.1	2.3	9.8	4.0	1.4	7.5

Table 2: "For which of these candidates would you vote?" (List 2)

<u>Candidate</u>	<u>Total</u>	<u>Sex</u>		<u>Age</u>		<u>Socioeconomic class</u>		
		<u>Male</u>	<u>Female</u>	<u>18 to 45</u>	<u>45+</u>	<u>A/B</u>	<u>C</u>	<u>D</u>
Pintasilgo	26.4	26.7	26.0	23.7	28.8	28.4	25.1	27.8
Joao Jardim	13.2	16.3	10.3	12.9	13.4	24.3	8.0	2.7
Mario Soares	9.9	10.3	9.6	10.1	9.8	12.2	7.9	17.2
Salgado Zenha	3.7	6.7	1.1	4.6	2.9	2.9	4.5	-
None of these	39.1	32.4	45.2	46.0	32.8	30.8	44.6	30.8
No reply	7.7	7.6	7.8	2.8	12.2	1.4	9.8	21.4

Table 3: Previous Surveys

<u>Candidate</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Sept</u>	<u>Oct</u>	<u>November</u>		<u>December</u>	
						<u>List 1</u>	<u>List 2</u>	<u>List 1</u>	<u>List 2</u>
Pintasilgo	26.2	22.0	22.3	18.0	15.4	22.5	22.5	25.7	26.8
Mario Soares	13.8	12.4	10.3	8.2	14.4	12.0	12.4	17.2	16.5
Joao Jardim							15.2		13.2
Lucas Pires				6.2	9.8	7.2		5.4	
Mota Pinto	8.2	8.2	3.4	5.4	6.7				
Balsemao						4.2		7.1	
Firmino Miguel	1.3	5.8	4.4	5.1	4.6				
Nogueira					2.2				
Costa Braz		1.0		0.7	1.5				
None of these	24.9	25.9	39.0	29.3	29.4	34.1	37.4	33.0	32.6
No reply	9/1	10.1	10.7	27.0	16.3	5.1	5.1	7.6	7.5

Contrary to the results of the December survey, if, on one hand, Jardim appears to steal votes from Soares, on the other hand, he is not now capable of capturing all the voters who would choose Balsemao or Lucas Pires on List 1.

Competition

Balsemao, with 3.3 percent, comes in next to last and there is no clear explanation for his decline from the 7.7 percent which he won in December; his average would have been even worse if Vila Real had not given him 10.9 percent,

to make up for the oblivion into which he fell in Porto and Viseu, where Zenha beat him out on points.

Zenha made his debut on the two lists, more than doubling his percentage on List 2, which omitted both Balsemao and Lucas Pires. Is he in the running? In last place on both lists, with a showing similar to that obtained by Cunhal, Zenha may possibly be suffering from the fact that there is no indication at this time that he is a candidate.

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POLITICAL

PORTUGAL

PINTASILGO STILL LEADS PRESIDENTIAL POLLS

Lisbon O JORNAL in Portuguese 15-21 Feb 85 p 12

[Text] Maria de Lourdes Pintasilgo continues in the lead among the presidential possibilities, and analysts are searching for the reasons for the monotonous regularity which the former prime minister emerges at the top of all the various surveys. All the other major candidates mentioned in the MARKTEST/ JORNAL survey for February remained almost stationary, or showed slight declines.

The controversy surrounding the Pintasilgo candidacy has not influenced those who consider her the best candidate for Belem. The voting intentions suggested (a movable average for the last 2 months) indicate that Pintasilgo went from 25.5 percent in December to 26.6 percent in February.

Mario Soares lost second place to Freitas do Amaral, even though it is known that the former CDS [Social Democratic Center Party] leader does not intend to run. The current prime minister, who won 11.4 percent in the trial vote in December, dropped to 7.9 percent in February. For his part, Freitas do Amaral, one of the earliest implicit candidates, recovered from his November decline, achieving 10.9 percent.

Meanwhile, Mota Amaral, Firmino Miguel and Mota Pinto have experienced slight declines.

[The following two paragraphs appear as published]

Lourdes Pintasilgo continues in the lead, with 9.6 percent, which implies a slight decline from the 10.7 percent recorded in November. The greatest innovation is the 7.6 percent obtained by Alberto Joao Jardim. Third place is occupied by Firmino Miguel, with 5.6 percent.

Three possible candidates registered more or less striking declines between November and February. Mario Soares went from 6 to 2.9 percent; Freitas do Amaral from 5 to 2.1 percent; and Mota Amaral from 3 percent to 1.5 percent.

Table: Results of MARKTEST/O JORNAL Presidential Polls

<u>Suggested Candidates</u>	<u>Sept</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Feb</u>
Lourdes Pintasilgo	20	21	24	26	27
Mario Soares	11	13	13	11	8
Freitas do Amaral	10	12	11	11	11
Mota Amàral	9	9	9	7	7
Firmino Miguel	5	7	9	4	4
Mota Pinto	3	3	2	2	2
Lucas Pires	-	-	-	3	4
Pinto Balsemao	-	-	-	1	1
A. Joao Jardim	-	-	-	6	7

The MARKTEST/ O JORNAL survey also sought to find out what would happen in the second round of the presidential elections if the contest were between Lourdes Pintasilgo and Firmino Miguel.

The results point to a resounding victory for Lourdes Pintasilgo, who would receive 45 percent of the votes, as against only 24 percent for Firmino Miguel.

Regarding the support which Pintasilgo could count on in this second round, she would be the preferred choice of 96 percent of the APU [United People's Alliance] respondents; 67 percent of the PS [Socialist Party]; 12 percent of the PSD [Social Democratic Party]; and 6 percent of the CDS. Firmino Miguel would receive the support of 59 percent of the CDS respondents; 51 percent of the PSD; 18 percent of the PS and 1 percent of the APU.

Technical Description

The present survey is representative of the mainland population of voting age (18 years or older), residing in locations with over 10,000 inhabitants. Some 508 respondents were interviewed in 16 localities, in the week of 1 to 6 February. The respondents were selected by the quota method, with sex, age and region as control variables. The projected results for the universe were based on separate weights for each region. For greater precision in the treatment of results, a moving average for the last 2 months was utilized. For the total sample, the maximum error was 4.5 percent (95 percent probability). O JORNAL was responsible for the journalistic treatment of the results.

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POLITICAL

PORTUGAL

PARTIES SAID NOT TO OFFER CLEAR CHOICE

Lisbon DIARIO DE NOTICIAS in Portuguese 24 Feb 85 p 8

[Commentary by Luisa Manoel de Vilhena: "On What Side?"]

[Excerpts] Our parties are so undefined in terms of doctrine that it is becoming difficult to distinguish between Socialist and Social Democrat, between Christian Democrat and liberal and even between the non-Communist Left and the moderate Right. It is as if the political arena were a lake in which the parties float and move about at the pleasure of the wind, like rootless aquatic plants.

Our parties have no roots. They have no tradition. They were born precipitously in the agitated and heated environment following the April Revolution; they were created and established from one day to the next, with the admirable capacity for improvisation which the Portuguese have never lacked, and the members joined en masse, militants or simple supporters, attracted by the lure of partisan activity, which was new to the Portuguese. They did not know precisely what they were espousing; the doctrine, direction and goals of the parties were not clearly defined and disseminated.

Many of the parties created during that phase were, for one reason or another, short-lived. Only four of them survived and asserted themselves, and the PCP [Portuguese Communist Party] was the only one which was clearly defined. The PCP is designed to serve Soviet interests, however, and not national objectives, which eliminates it from the democratic spectrum of Portuguese party life. The three other parties--PS [Socialist Party], PSD [Social Democratic Party] and CDS [Social Democratic Center Party]--are bunched in the Center, very close together, elbowing each other within narrow parameters [sic]. There is nothing on the Right. And since the true Portuguese Left, with too much conviction to accommodate to the dealing and opportunism of the PS and too much wisdom to swallow the deceptive tactics of the PCP, is not duly represented, either, it happens that all the national parties in actual existence in Portugal are found at the Center. Even the Eanist party, which does not appear to wish to align itself with the Left and will certainly not line up with the Right, will seek its place in the Center, which is already overcrowded.

Is it because truth, like virtue, lies in moderation? It does not seem so, not, at least, in these times. Absolute, indisputable truth is an article of faith which cannot be invoked in the solution of our day-to-day problems, either at the personal level or the national and world levels.

We would even say that, in today's world, there is no center. It is an abstraction. It represents a renunciation of the necessity of choice; it is indecisiveness and cowardice disguised as moderation.

In Europe, in the interval between the two great wars and even more in the Belle Epoque, there was a rhythm of life and a psychology appropriate to the center. In the Salazar era, perhaps the correct solutions were to be found at the center. To think and act at the center is a way of behaving in the world when peace and order are firmly established. But ours is a time of war and disorder. We are living in a world at war, cold or hot, limited or extended, latent or active, in every region of the globe, a presence in all the centers of decision, invading all the mediating conferences.

War and moderation are incompatible notions.

It appears, then, that the Portuguese must radically revise the existing party system. We think there should be only two great parties: one on the Right and one on the Left, so that, when the Portuguese cast their ballots, they make a real choice and do not, as has happened, simply vote on the basis of personalities or as a member of a club. It is the English system, and the English are masters and old hands at this game which is called democracy. It would be well for the Portuguese to ask themselves: "What side am I on?" and to decide in the knowledge that there are, in fact, two clearly distinct "sides."

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POLITICAL

PORTUGAL

JARDIM PRESIDENTIAL CHANCES SAID GROWING

Lisbon TEMPO in Portuguese 15 Feb 85 p 12

[Article by Anibal Mendonca]

[Text] Alberto Joao Jardim is getting closer and closer to becoming a real candidate for the presidency of the republic. The referendum to be conducted in March--the form of which is already known, although it may come to be altered--is highly favorable to him. It could be said that the questionnaire to be presented to the PSD [Social Democratic Party] bases can only point to the choice of Alberto Joao Jardim, because the question as to whether they want a party candidate will receive more affirmative votes. The other question (whether they want a non-party candidate) will take care of virtually eliminating any military candidate (no one is going to answer "no, but I would like a military candidate"). With regard to a non-party candidate, most of the choices would be for a figure who, in the understanding of most of the politicians, would have the role of diverting votes to be competed for in the second round.

A few days ago, a member of the current PSD politican commission told a TEMPO reporter that Alberto Joao Jardim would be the party candidate and, failing that, he would at least be president of the party.

In view of these factors, the way is smoothed for the candidate chosen by Belem; in the understanding of many people connected with the parties, this will be not just one candidate, but two: one civilian and another military candidate. In fact, some politicians with whom we spoke admit that two figures, with the blessing of the present occupant of Belem, could be presented to the voters. Curiously, Almeida Costa, over there in Macao, is now saying he is available to run.

Months ago TEMPO was declaring in its columns that the governor of Macao would be a candidate; we had been assured of this, incidentally, by a source close to Almeida Costa. Moreover, we will see others in the race for the presidency, many of whom are "guarding their thoughts now," beginning with Maria de Lourdes Pintasilgo, who could even withdraw. Working to put his chess pieces in place, Mario Soares is certainly getting closer now to the possibility of crushing everything and everybody. The secretary general of the PS [Socialist Party] could emerge as the anti-Eanes candidate and, in this capacity, he would be unbeatable. Despite the surveys, despite anything that may be said or written, the party to be formed under the aegis of the president of the republic will not be capable of bringing together the great electoral mass, and all because of the role which Gen Ramalho Eanes has assumed throughout his two terms. He has

been a competent president, beyond the two institutional conflicts which he created, in which he came out well. He is generally seen as a patriot, he has an unblemished reputation and he is concerned with social matters, but nothing is known about his political beliefs. It is not known what political formula he espouses, or [his position on] a host of basic issues which may or may not have the support of most Portuguese .

There is also the significant fact, which Cunhal already as much as announced on Margarida Marante's television program "Today," that the PCP [Portuguese Communist Party] should support the party to be created by the ex-CNARPE [National Action Committee to Reelect President Eanes]. Despite the crisis, which in certain respects favors the communists, even so, the candidate backed by Ramalho Eanes could not have much luck, because Eanes is an unknown quantity, and most people are not in the habit of wagering on the unknown.

From now until May/June, things will not get very much clearer, while large and significant steps will be taken quietly.

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POLITICAL

PORTUGAL

SERIOUS CHANGE SAID NEEDED TO COUNTER CENTRIST ALLIANCE

Lisbon SEMANARIO in Portuguese 2 Feb 85 p 10

[Commentary by Jose Miguel Judice: "Neither Central Bloc nor Fanism"]

[Text] An effective opposition to the central bloc must be related to the clear defense of a political alternative to this formula. The opposition is based on a theory and a choice--and hence is not opportunistic. The opposition has justifications which the actual political practices of the central bloc have confirmed--and hence it is historically justified and bears the seeds of the future. The opposition to the central bloc is based on reasons which were aired at a time when the posts and ministries were up for auction again--and for this reason it is civically consistent--and cannot be confused with the stampede of those who wagered on the central bloc only to maintain a slice of power which justice and political ethics dictated should be taken away from them.

We are living in a new phase now, in which the fear of losing positions is causing some individuals to rush to the front of the line to build a new bloc--formally new because it will not include the Socialist Party. And in its anxiety not to miss the train, this breed is rushing around with the same haste that it put together the central bloc (and thus contributed to its failure) to hastily revive an electoral coalition with the CDS [Social Democratic Center Party], although disguised with different words, through common support of a military candidate for Belem Palace.

It will be said that those who defended the Democratic Alliance [AD] as the very best regenerative solution and fought for it with all the means available to them should only have reason to be pleased to see such sudden conversions and to see the conditions created to rebuild a political bloc with the above-mentioned formal characteristics.

Not everything is so simple, however. Not everything is equal, not everything is quite the same in the political world, although it may appear to be so. To replace the central bloc with a new power bloc that will only repeat, a few degrees to the right, the errors, impasses, contradictions, paralyzes and delays of the present coalition will serve no purpose whatever. The AD fetish is an evil which corrodes; in the end, it is a negation of everything that a solution of regeneration by a democratic rupture would constitute.

An alliance of the CDS and the PSD [Social Democratic Party], with their current leaders, with issues of power to be settled, with the spiritual crisis and apathy which has invaded them, with no spark of renewal and of hope for the future, could only be a combination of empty gestures, meaningless talk, unsatisfied ambitions, little settlements of accounts and small revenges.

Let us begin, for example, with the CDS. From all indications, Lucas Pires will win the party congress and many of those who level the severest criticism at him under their breath will end up by accepting a post or a ministry--which the opposition parties also have to offer them. But this does not mean that the enthusiasm which Lucas Pires aroused during the election campaign has been rekindled. On the contrary, the nervousness and insecurity which the CDS leader revealed on the television program which the Socialist television deemed advisable to grant him are indicative of a real internal crisis. The existing CDS is even weaker than it was 2 years ago, and we do not say this out of any obsession with persecuting the party, no matter how great a grudge Lucas Pires seems to bear against this newspaper, as transpired in said television program. At this moment and at this juncture, a national alliance with the CDS has little to offer.

Moving to the PSD: despite the natural tendency of opposition parties to let down critical barriers in an election year, no one in his right mind would deny that the issue of power inside the party still remains to be solved. Above all, [no one would deny] that a minimum standard of political ethics would suggest that those who have been committed, apparently heart and soul, to the alliance with the PS [Socialist Party] would have the decency not to remain in the government or to show concern for it and, at the same time, to arrange, openly or not, an electoral coalition with the CDS, even if it masquerades as support by both parties for the same independent candidate, without any official joint agreement but with all the familiar unofficial negotiations.

It is all even more serious when we have to conclude that the parties are moving toward a solution of support for a candidate whom Ramalho Eanes--at least in the second round--could push aside and whom the Eanist party will not shrink from taking on as its own. The renewed Democratic Alliance would not have the clarity and the mark of the Sa Carneiro project, but would constitute everything that he struggled against: obfuscation, a political chowder, under-the-table concessions and commitments to the PCP [Portuguese Communist Party] and its allies, the sacrifice of everything and everyone to the single-minded goal of victory at any cost--if necessary, at the cost of one's soul!

Those of us who were always consistently opposed to the central bloc--and already opposed it when Sa Carneiro was struggling against Eanes in 1978, attacked by so many people who praise him now--we do not have to take lessons in anti-socialism from those who have not shown the same consistency. Be that as it may, to destroy the central bloc to revive the Eanist project is not only futile but, more than this, it is unacceptable, even on the pretext that Eanism and Soarism represent the left and the right of the central bloc. In politics, it is always necessary to define the principal enemy, and this is not always the most difficult adversary, the most visible, the most obvious or the most tempting. For those of us who consider themselves politically anti-socialist,

it would be a simple matter to intensify the struggle against the central bloc, winning followers and praise from the true adversaries. But consistency and rectitude, as well as a sense of the national interest and the relativity of risk, dictate that (painful as it may be to some) we declare loudly and clearly that between the central bloc and Eanism--if we are limited to these alternatives--the central bloc will always be preferable because, at this political juncture as it was at others, Eanism is a strategic instrument of the Communist Party.

Obviously, it does not follow from this that we can tolerate having the PS brandish the Eanist threat in a kind of institutionalized blackmail. Because, as I have always predicted, the central bloc would bring in Eanism and will not exorcise it, as some have naively believed. Because the fate of the PS after Soares (whether he wins or loses the presidential election) will be to ally with the Eanist party, as the opposition or in the government. Because it is necessary to build, day by day, in every political arena, a real and consistent alternative for the future after the central bloc. Because the PSD cannot be the matrix of an alternative unless it can prepare itself for this, through its militants who want a controlled rupture, who will not allow themselves to be caught in the web of promises and concessions to maintain power at any price, and who constitute the PSD rank and file and most of its intermediate cadres.

However, the formula for preparing an alternative to the central bloc in 1985 will be to present a presidential candidate with a program for serious change, and not the illusion of a formalized structure of something that will be called new, but which will actually be nothing but the alibi for Eanism, the formation of the tools to efface the barriers which the memory of Sa Carneiro has constituted against the advance of Eanism on the Right.

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28 March 1985

POLITICAL

PORTUGAL

GAMA, 'ARAFAT DISCUSS OPENING OF PLO LISBON OFFICE

Lisbon DIARIO DE NOTICIAS in Portuguese 5 Feb 85 p 3

[Text] PLO President Yasir 'Arafat has told Jaime Gama that he would like to establish an official PLO mission in Lisbon within a short time.

Arafat, who met in Riyadh with the Portuguese foreign affairs minister for about 2 hours, told Jaime Gama that he had complete personal confidence in the PLO representative now in Lisbon.

The meeting between Gama and the PLO leader, which took place in a secret location in Saudi Arabia, was only made known to the minister himself during a dinner given in his honor by his Saudi counterpart Sa'ud Al-Faysal, who told Gama he would be contacted in this regard.

At the meeting, Arafat urged that Portugal play a more active role in solving the problem of the Middle East, promoting the Jordanian-Palestinian confederation proposal with the United States and the EEC countries.

Other topics discussed at the meeting included the PLO's internal situation after the Palestinian National Council, which met recently in Aman; recent developments in the Palestinian problem; Jordanian-Palestinian rapprochement and the confederation proposal (already supported by Algeria, Morocco, Saudi Arabia and Egypt).

King Fahd Reiterates Intent To Open Embassy

The same desire was voiced by Saudi Arabia's King Fahd, who met with the Portuguese foreign affairs minister for about 1/2 hour.

Fahd also expressed an interest in having Portugal promote the proposal for a Palestinian state among the European countries and the United States.

The Saudi monarch also reiterated his country's intent to open an embassy in Lisbon in 1986.

Oil Agreement Signed

A contract was signed in Riyadh at the government level for the supply of 25,000 barrels per day of Saudi petroleum to Portugal.

The document, which was signed by Pires Miranda (administrator of PETROGAL [Petroleum Company of Portugal] on behalf of Portugal, provides that Saudi Arabia will continue to be Portugal's primary oil supplier, with a 20-percent quota and a total value of \$260 billion per year.

Yesterday, the Portuguese minister met with the Saudi finance minister, with whom he discussed matters related to trade cooperation, and with the petroleum minister.

Gama has been telling the various members of the Saudi Government with whom he has met that Portugal is interested in "well developed cooperation" with the six member states of the Gulf Cooperation Council (United Arab Emirates, Kuwait, Qatar, Bahrain, Oman and Saudi Arabia).

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POLITICAL

PORTUGAL

NUMBER OF FOREIGN PERMANENT RESIDENTS GROWS

Lisbon 0 DIA in Portuguese 11 Feb 85 p 8

[Excerpt] Portugal shelters about 90,000 foreigners, only 331 of whom have been granted political asylum, the news agency NP reports.

The number of foreigners, as of 31 December 1984, had grown significantly since 1977, when about 30,000 foreigners were living in Portugal.

A spokesman for the Foreign Resident Service of the MAI (Ministry of Internal Administration) said that this total comprises citizens of more than 100 nationalities and also includes residents who belong to diplomatic and consular missions and their respective families and 331 individuals with the status of political refugee.

The largest foreign resident population in Portugal is still from Cape Verde, 25,389 citizens, followed by Brazil (7,924), Spain (7,343), the United States (6,670) and Great Britain (5,014).

There are currently 334 residents with the status of refugee, most of whom are from Mozambique, Angola, Guinea-Bissau, Chile and Cuba.

During 1984, the Portuguese authorities deported 97 foreigners, most of whom were from Cape Verde (42), Guinea-Bissau (12), Angola (7), Yugoslavia (5) and Spain (4).

There were basically four reasons for the deportations: common crime (39); failure to observe Portuguese laws (38); drug involvement (14) and illegal entry (6).

Residence was granted to 7,556 foreigners during 1984, most of whom were citizens of Cape Verde (1,161), Venezuela (807), Brazil (709), the United States (525) and Spain (99).

The refugee statute in Portugal will go into effect on 1 August 1985.

Foreigners or expatriates who cannot or do not wish to return to their usual place of residence, fearing persecution because of their religious beliefs or political positions, have the right to asylum.

The Portuguese law also grants asylum for humanitarian reasons to foreigners and refugees who "do not wish to return to the country of their nationality or habitual residence, owing to insecurity because of armed conflicts or the systematic violation of human rights occurring there."

"After 25 April 1974, Portugal did not have diplomatic relations with all countries of the world, but it opened its borders by sea, land and air and became a country of asylum for all those who, suffering political persecution, sought to find a secure and friendly refuge among the Portuguese people," said the same official source.

The first political refugees arrived in August 1974, primarily from Latin American and African countries, particularly from Angola and Mozambique.

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POLITICAL

PORTUGAL

SECRETARY OF STATE FOR COOPERATION'S REPLACEMENT

Lisbon EXPRESSO in Portuguese 23 Feb 85 p 20

[Text] The appointment of Eduardo Ambar, chief of cabinet for the minister of foreign affairs, to the position of secretary of state for cooperation previously held by Ambassador Gaspar da Silva caused a degree of controversy at the Palacio das Necessidades [Ministry of Foreign Affairs] when it became known within the ministry on Thursday.

As this newspaper had noted 3 weeks ago, Gaspar da Silva had already expressed his intention to leave his position some time ago, and his appointment as ambassador to Paris--replacing Walter Rosa who has reached retirement age--had been approved.

As soon as the opportunity to fill the position of secretary of state became known, some names were proposed, especially by the president of the council, one of whom is Carlos Monjardino, a PS [Socialist Party] militant--at present a bank manager in France--who is considered to be close to Mario Soares.

However, it was reportedly Jaime Gama who proposed his chief of cabinet for the position, which was approved. The decision reportedly was made in only a few hours, a fact interpreted by some sources as revealing the difficulty and urgency of the choice.

If there are some who point to the assurance with which Jaime Gama acts in a difficult field (by appointing to the position a "civilian" he trusts and not a career diplomat), others emphasize the lack of alternatives and the need brought on by force of circumstances to fill the "void" left by Gaspar da Silva's departure.

Some officials at the Palacio das Necessidades tend to criticize Ambar's appointment because of his age--he is barely 32 years old--and his lack of experience in the field, in spite of the fact that he was chief of cabinet in 1976 for then secretary of state Joao Lima. Holding a law degree and having been a lawyer before becoming chief of cabinet for Gama, Eduardo Ambar may be unable, according to some sources, to fulfill his duties and to be the second-ranking official in the ministry.

Due to the rapidity with which the change was decided, it was still not known yesterday who would replace Ambar in Gama's entourage, while the new secretary of state will temporarily keep Gaspar da Silva's chief of cabinet.

A number of persons subsequently linked the existence of divergences in cooperation policy to the resignation of Gaspar da Silva; however, sources close to him said yesterday that the former secretary of state maintained very good relations with the minister and that, moreover, he was quite satisfied with his functions as secretary of state.

However, other sources pointed out that Gaspar da Silva met with a number of difficulties in order to implement two of his principal objectives: the creation of the Financial Institute for Cooperation and the change of a credit line policy for a policy of developing the resources and strengthening the economies of Lusophone countries in Africa, a condition he deemed significant for the viability of those countries' independence.

CSO: 3542/133

POLITICAL

PORTUGAL

BRIEFS

ARCHIVAL AGREEMENT WITH MOZAMBIQUE--Portugal and Mozambique yesterday signed a protocol for the consultation, reproduction and exchange of documents held in the archives of the two countries. The protocol complements the General Accord for Bilateral Cooperation established in 1975. The protocol was signed at the Foreign Affairs Ministry in Lisbon by Gaspar da Silva, Portuguese secretary of state for cooperation, and by Joao Baptista Cosme, Mozambican ambassador in Lisbon. It permits the copying, photocopying or microfilming of manuscripts, printed documents or already processed data, of unpublished or out-of-print books, of newspapers or other periodicals, of charts or maps and of photographs or films of historical interest. Referring to the protocol, for which negotiations began in 1978, Gaspar da Silva called it "a very important factor in the relationship between the peoples of the two countries" and "another step in the demonstration of Portugal's desire to cooperate with Mozambique." In turn, the Mozambican ambassador said it was basic to have an understanding of the past, noting that "most of Mozambique's past is linked with Portugal." [Excerpt] [Lisbon DIARIO DE NOTICIAS in Portuguese 9 Feb 85 p 3] 6362

PCP CONDEMNS TERRORIST ACTS--"The [terrorist] attacks which occurred recently are a clear manifestation not only of their criminality but also their provocative nature, since they foster defense campaigns and justify repressive acts and restrictive measures and plans against the rights and liberties of citizens," says the Portuguese Communist Party [PCP], in a note released by its Information and Propaganda section. According to the PCP: "It is cause for serious thought that it is precisely at this political juncture, when the PS/PSD [Socialist Party/ Social Democratic Party] government is profoundly isolated and discredited and when it is hastening to set up 'information' services and seeking immediate approval of the grim 'internal security' law, that terrorist groups and bands are intensifying their criminal activities, falling in, at least objectively, with the plans and interests of the government and of Reaction." The PCP concludes by also condemning "the political advantage" to which the executive branch may use the terrorist attacks. [Text] [Lisbon DIARIO DE NOTICIAS in Portuguese 1 Feb 85 p 4] 6362

CS0: 3542/107

POLITICAL

SPAIN

GONZALEZ INTERVIEWED ON SPANISH DEMOCRACY, POLICY VIEWS

Istanbul CUMHURIYET in Turkish 17-20 Feb 85

[Interview with Spanish Prime Minister Felipe Gonzalez at his office by Nilgun Cerrahoglu for CUMHURIYET: "From Franco to Democracy"; date not given]

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[Text] [Question] There are so many things I would like to ask you, I hardly know where to begin. The best place to start would be with your name, Mr Prime Minister.

[Answer] My name?

[Question] The name you used to avoid Franco's police, when you were underground, during the years of your struggle.

[Answer] Ah, that famous "Isidoro."

[Question] Yes, that famous "Isidoro." What is left of that "Isidoro"? Do you still have some of Isidoro in you?

[Answer] Rather a lot is left. More than anyone could guess. Why? Because the values I cherished under this name, which came about sort of as a joke at that time, are still important, I think, for the political process in Spain. For example, achieving freedom in a climate of peace is a very important value for me in Spain, in a country where society's internal conflicts have always been the biggest problem. I would like to say this: The first goal is to realize the transition to democracy or to gain possession of democracy, which means living together in peace. In other words, to prevent the repetition of a 19th century scene of civil war or violent conflicts among Spaniards. This goal had become real for me even around the time when I was 18, 20, 22 years old. Second, I still have today the greatest hopes and expectations that I nourished in the years of struggle against dictatorship, for instance. I have always believed that Spain has a society with the vigor needed to create a more just society and conquer the future. However, the society I grew up in was one dominated by gross injustices. This had to change. But I have always thought of this "change" as a slow, gradual process. I never entertained any thought of a revolutionary plunge, because true change is possible only through caution and patience. Revolutions are a one-day flame, a fire, an explosion, perhaps, but the smoke is still left behind 50 years later. I believe this as much today as I did then.

[Question] Was it not Malraux who said, "Revolutions are one day of flame and 50 years of smoke"?

[Answer] Yes, it was Malraux who said that. But it is a very important key to understand the process of change that I am talking about. This was my thesis during the "Isidoro" years and I still hold the same opinion today as you saw in the last congress of the Socialist Party.

The truth is, as long as we are retracing the threads of my identity in the past, I can say that these threads are easily compatible with my identity today. I can easily identify my past with what I am today. I still have -- in large part -- the enthusiasm and hopes of that "Isidoro."

[Question] Now I will ask you another question in connection with this. Why did you choose socialism? After your experience in the "Young Catholics' Organization: in university days, how did you first come into contact with socialism?

[Answer] There is a specific parallel between the two. Although I did not exactly hold a position in the Young Catholics' Organization, yes, I did cooperate with this organization. But for me it never implied a political choice.

How did the process emerge in which young people like me -- and they were a minority -- were involved during the years of my early youth? This process came about in this way: The ones who knew the truth about the dictatorial regime, who were opposed to social injustice and who were seeking the freedoms they did not have, had to make a decision about whether to do something about it; they had to make a choice either to oppose the system alone or to organize and rebel against the system.

When it came to taking this step, many chose the first option. There were obviously many who were not happy with the system, as evidenced (after Franco's death) by the elections and the eruption of democracy, but no one was crazy about taking on the danger of struggling against the system in an illegal, underground organization. The ones who made the choice of joining an underground organization, which was a hard decision intellectually and dangerous, knew they could easily end up in prison. The ones who took this step had to put themselves in the struggle against Francoism, in the sector with which they most identified.

My goals were not limited to struggling against dictatorship alone. I was intent upon achieving a just, flourishing democratic society that fought against inequality. It was therefore clear that I was on the left in the political spectrum. But there were two choices on the left: communism or socialism.

My hatred for authoritarian, dictatorial regimes played the most important role in my choice of socialism from these two options. I had already embarked upon a struggle against an authoritarian, dictatorial regime. The authoritarian mechanisms seen in communism at both the international and party level was most decisive for me. I therefore put communism completely out of the picture. An element that cemented this decision for me was an interesting debate that had developed within the Communist Party at that time between Fernando Claudin and Jorge Semprun. But this debate ended up with both Claudin and Semprun expelled from the party.

There was then no choice left for me but democratic socialism, which was a hard choice under the conditions of that time.

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[Text] [Question] You were on the executive board of the party when you were 28. You were elected general secretary of the Spanish Socialist Workers Party [PSOE] at age 32. And you became prime minister at age 40. Has the life of this political leader taken a lot away from the private life of Felipe Gonzalez? Were you able to enjoy your youth in this rapid a political career?

[Answer] No. I had no youth, I gave up a lot from the life of Felipe Gonzalez. Perhaps everything. Yes, I could say almost everything. But I do not want to exaggerate this self-denial, either. I like to keep the self-denial and altruism in a "relative" framework.

When I look at the youth of today -- this is perhaps the definition of youth in general, actually, but I take the youth of today as a reference point -- the fundamental characteristic that emerges is the absence of binding commitments. They have the freedom of not yet having to make choices, to commit themselves. I did not have this freedom when I was 21-22 years old, much less at age 28.

I spent my youth under powerful conditioning. Again, I do not want to exaggerate, but this is a situation that definitely alters one's priorities. My priorities are still different from those of my peers. There is definitely a reason why politics around the world is usually practiced by people of advanced years. There is undoubtedly even something biological in it. Clearly the priorities of a 65-year-old man are not going to be the same as the priorities of a man 30 or 40 years old. I have to restrain to a large extent the enthusiasm of my youth because of political commitments I have had for so many years. This is actually a very great sacrifice.

Towards Leadership

[Question] Let's talk a little bit about the "Suresnes Congress" which was a turning point for both PSOE and for you. At the last PSOE congress in exile, held in 1974 at Suresnes near Paris, you were made general secretary of the party. What did this congress mean for you and the party?

[Answer] Contrary to what many people think, there was no question of a sophisticated strategy at Suresnes for me to become general secretary of the party. Some saw my election as general secretary as the result of a specific operation undertaken for that purpose. This is completely wrong.

I was not even on the executive board at the time the congress was held. I had resigned from the board a year earlier because of an internal disagreement. But I had continued to work with the executive board. I met with a surprise when I went to the congress. Despite my having resigned my post in administration, party colleagues asked me to present the party executive at the congress. It was not very logical for me to do this despite having relinquished my responsibility on the executive board, but I did at the request of my friends.

Meanwhile, the party general secretary was to be elected and the strongest candidate was Nicolas Redondo (who is now president of the Socialist Workers Union). All the leadership cadres were in agreement on Nicolas Redondo's candidacy. But Redondo would have nothing to do with it. There was practically no other candidate outside of Redondo with a chance of winning. That is, I was elected general secretary for a lack of other candidates. I had no particular desire for or interest in this job. At any rate, even if I cannot describe this as something that developed against my will, I cannot say either that I made the slightest effort or had a special desire to be general secretary.

[Question] So it seems that it was a bit of a happenstance. But this happenstance was very important to the future of the party. What did your becoming general secretary mean for the party?

[Answer] Something much more important than my being elected general secretary happened at Suresnes. Since 1970 the party had been trying to get away from being "a party in exile" and become a "home party." It was very important to shed the party's status as an "expatriate party." What did this mean?

Of course, all Spanish socialists were not in exile. But the views of those in exile had always held sway within the party until 1974. The views of those in exile, however, were not taking into account the socioeconomic dynamic that had emerged so rapidly in those years in Spain. Yet this was very important. Spain had entered a terrific change economically in the preceding 10 years. There was rapid growth in industry, the average annual growth rate was moving along steadily at 6 percent-7 percent. During this time, Spain had sent more than 1 million workers into Europe. With their families, at least 2 million Spaniards were now introducing Spain to a different world. These people had run headlong into the reality of Europe.

This rapid change that Spain had been undergoing in the 1960's was the beginning, I think, of society's first adjustment to the game rules of democracy. Though it was not possible, at any rate, to speak of a democracy in the political sense in Spain, there was a question of familiarity with democratic customs. However, these developments had completely escaped the exiles.

What did we at home symbolize? We voiced the new sensibilities of the Spanish people. That's all. Failing to verbalize this sensibility was one of the biggest problems of the Communist Party. The communists never did shake off the weight of the "expatriate dimension."

What my election as general secretary at the Suresnes Congress in 1974 signified was a renewal of the party. We even referred to the "reorganized PSOE" when speaking of the party. Of course, what I am talking about here is not just an inter-generational revitalization, but a renewal to match the new socioeconomic and political conditions in Spain that I mentioned earlier.

So this was a renewal that gave the party a completely different historical outlook. For all I know, there may be very simple elements in this renewal such as speaking the language of the people, for example. Llopis (Gonzalez' predecessor as general secretary), though very sharp, does not speak the language of "interior Spain." (Former Communist Party General Secretary) Carrillo's language was not the language of "interior Spain," either.

[Question] They had lost touch with the true Spain...

[Answer] Exactly. This alienation was especially noticeable for Carrillo, despite all his powerful contacts and the responsibility he had. This was the problem of all of the expatriates.

Franco's Death

[Question] Where were you when the news that Franco had finally died was broadcast in Madrid? What did you feel at that moment?

[Answer] Such reports were broadcast many times. But I had returned from Paris that day. I had gone to Germany on a special round-trip passport. The German government had invited me to Germany for the Social Democratic Party (SPD) congress and had pressured Franco to allow me to attend the congress. This was how I got the special passport. I stopped over in Paris on my return. I saw Carrillo there. Carrillo and I met in the office of current French Minister of Foreign Affairs Roland Dumas. It was November 19. We talked for a long time that afternoon. I boarded by plane to return to Madrid at 8:00 in the evening. I arrived in Madrid at 10:00 pm and returned to my home. Someone telephoned me about 5:00 in the morning and told me Franco had died.

[Question] Your party was outlawed at that time, of course, and you were underground. How did the news of Franco's death affect you in that case? What did you feel at that moment?

[Answer] Suit had been brought against me at that time asking for 8 years in prison. But the trial had been postponed a short time before because the prosecutor wanted to change the 8 years to 20 years on the grounds that I was a leader of an illegal party. So this is the situation I was in when Franco died. Moreover, I was not issued a passport except the one-day one given to me for the trip to Germany that I just mentioned. I could not leave the country.

What did I feel at that moment? Is it strange that I cannot remember now? I suppressed my feelings and any tendency to record them, as if unwilling to face them. Nevertheless, though I don't remember exactly, there was definitely a sudden feeling of release, after his tight rein.

[Question] Didn't you feel some hope as regarded the future?

[Answer] Yes. But you go into a strange mechanism when you are in a responsible position. You start thinking immediately about what will happen next, how you are going to handle your job from now on. Yet, people who do not have such responsibility start talking about their hopes and fears. I did not have time for that. I set to work deciding what we were going to do tomorrow, the next day or the next month.

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[Text] [Question] You mentioned the trip you took to Germany with a special passport issued under pressure by the German government to attend the German Social Democrat's congress. During the years you were in underground activities and

even in the initial years of the transition to democracy in Spain, the German Social Democrats, especially Willy Brandt, were a real support both for you and the young Spanish socialism. Much was written and said about the special relationship between you and Brandt. How much of an influence, in fact, was Brandt's socialism on you?

[Answer] I have a great deal of respect and affection for Brandt. This image is so locked in people's minds that I might as well just say, "Yes, Brandt has great influence on me," and be done with it. But that is not the actual case. Among international leaders, Brandt has perhaps been one of the closest to us, but Willy Brandt was one of the leaders who offered the fewest suggestions as to what could and should be done in Spain. He never stood up at a meeting and expressed his opinions. However, certain other leaders from the French left -- there is no need to name them now -- offered opinions frequently. For example, we frequently debated with French party colleagues the "pros" and "cons" of a "common program of the left." I had opposed the idea of a "common program of the left" since the early 1970's, let me say that. I did not trust this idea. Even though I had a thousand reasons for not believing in it, the French said I was wrong. It came out in the end who was wrong. So, you see, this business did not work in France. The communists left the government and the socialists had to take on responsibility for the government alone. They had to pay the price for their experiment. I never wanted to attempt the experiment.

Yet Brandt never expressed an opinion on matters like this. Never. I talked more with Olof Palme than with Brandt. I frequently discussed Spanish internal policy with Palme. For all these reasons, even though he is a leader who inspires admiration and respect for many reasons, Brandt has left no stamp either on the evolution of Spanish socialism or my own personal evolution. It is not that he desired this. Even though Brandt and I were on a very good footing, I felt myself closer to Palme intellectually.

[Question] You went against party tradition in 1979 and threw your entire weight behind eradicating the PSOE's "Marxism" label, even resigning as general secretary at one time over it. Why did you take so radical a stance to get the party away from Marxism?

[Answer] I did not oppose party tradition; on the contrary, I wanted to keep that tradition alive. Actually the ones who were claiming to keep party tradition going were the ones who were not respecting this tradition. If I seem to be talking in riddles, let me explain: At no time since the socialist party was established in Spain has it branded itself as "Marxist." Again, as seen in the Brandt example, the claims made to the contrary led to the formation of ideas about the Marxist tradition of the party that had no basis in fact. But during the party's 26th congress, the PSOE did not approve a Marxist party description at all. I am talking about a process of time stretching from the party's founder Pablo Iglesias to the present. It is therefore impossible to speak of a Marxist tradition for the PSOE. The socialism in Spain is a very different socialism from what was seen in the early years of French and German socialism.

[Question] Then why did you resign as general secretary at the 28th congress held in 1979? It was not all that easy for you to persuade your party colleagues to abandon the Marxist cachet.

[Answer] No, it was not all that easy, of course. But there is something else here, and that is: A cumulative ideology was building up during the struggle against the Francoist regime. This cumulative ideology pushed socialists into describing themselves as "Marxist." And this was why a strong Marxist trend seemed to appear within the party. Even though they encountered a Spanish reality different from what they expected and despite their support for the Moncloa agreements (cooperation between the center-right Suarez government and the communists) in the period of transition to democracy and having agreed to moderate opposition for the sake of strengthening democracy, party colleagues clung to the Marxist dogma. It was like a religion, a religious faith. It was as if they were saying, "Look, we are doing this for the sake of democracy, but we are not actually going back on our faith, our belief."

[Question] I would like to find out why you were so insistent on stripping the party of its Marxist label.

[Answer] Because, aside from its failure to reflect the realities, I thought it was very seriously wrong. Probably not even 5 percent of the party members who wanted the PSOE to be identified with Marxism had read Marx.

Freedom from Marxist Label

[Question] Caught between you and Marx, your colleagues again prevailed upon you and reinstated you as general secretary in a special congress 6 months later. In your opinion, to what extent did ridding the Spanish Socialist Workers Party of the Marxist label prepare the groundwork for your overwhelming victory in 1982? Many observers say that de-Marxifying the party was a major factor, even the key, in attracting votes at the center of the spectrum.

[Answer] Yes, I know that. The right sees this as a very important factor in our victory. In the right's view, ridding the party of the Marxist cachet was a big operation launched in order to win the votes of the large majority of the electorate. In fact, I do not know how much of a factor this was. What I do know is that I did not do this as an election tactic. It was something I did out of conviction.

[Question] But wasn't it pretty obvious that the voters of the center, who constituted a significant portion of the 10 million voters who put you in office with an absolute majority, would not vote for a Marxist party?

[Answer] But do you think this was really on the minds of very many people? I don't believe so.

[Question] But this development did give the party a more moderate image.

[Answer] True, true. I do not deny that I have contributed to giving the party a more moderate image. But I do not think this was uppermost in people's minds or that they were overly concerned with this aspect. People are interested in other things, personal attitudes, positions on actual issues, for instance. They want to know what you would do about such and such a problem. Problems involving doctrine and beliefs do not interest them very much.

Reason for Election Victory

[Question] What were the determining factors in yours and your party's overwhelming victory in 1982, in your opinion?

[Answer] I beleive there were two determining factors in this victory. It can be explained historically. For example, it was impossible for the socialist party to win in 1977 (in the first general elections held after Franco's death). The conditions for gaining public confidence had not yet formed. It would have been a little like jumping off a cliff for the voters. I think the "collective wisdom" is a very important element that has to be taken into account in politics. Likewise, 1979 would still have been considered too early for us to win. And in fact the Spanish electorate gave the Suarez government another chance in the 1979 elections. Now, by 1982, a real change of mind had occurred for the first time. What elements led up to this? There were already thousands of socialist mayors in Spain by that time. It turned out that socialists do not eat their children after all, contrary to the Francoist propaganda of all those years. These socialist mayors turned out to have serious, sound policies in local administration. The public's fear of socialists was therefore replaced with confidence. So, this was the first element that lay behind our success in the '82 general elections.

Second, we were able to unify the opinions and priorities shared by a large majority of Spanish society. We had estalished the necessary give and take with this majority. Here, I think, was the key. Insofar as we had been able to accomplish the transition from an expatriate mentality to a domestic party mentality a full 10 years ago when we reorganized the party in Suresnes, we were able now to grasp and share the things that a large segment of society thought it necessary to do.

[Question] What role do you think Suarez played during the transition to democracy and especially during this period in bringing the Spanish socialists to power?

[Answer] Naturally, we would not be in power today if there had been no period of transition to democracy. As for Suarez's role...the role that Suarez played, in my personal opinion anyway, was the deep belief that he could prevent a socialist victory. Suarez's party, at any rate, did not think it possible. Suarez carried out some very important reforms, such as passage of the divorce law, for instance, and had captured the center. But the internal conflicts in Suarez's party were so bad that this was what led to Suarez's defeat. A large group within the party opposed the laws that were passed and some of Suarez's supporters went ahead with them without liking them. All of this was obvious from the outside, of course. But Suarez's projects and policies were sufficiently forward-looking to keep a progressive party from coming to power if it had not been for these problems. In the event, Suarez was unable to make the policy stick in the party. But if a more right-wing government had been in office instead of Suarez, we could have come to power much earlier.

Nights of Worry

[Question] Did it worry or scare you to become, at age 40, the first socialist prime minister of the young Spanish democracy?

[Answer] Yes. I don't know, should we politicians admit things like that? But I was worried, seriously worried. I remember that my party colleagues were really excited after the elections. This is natural, of course. Everyone wanted to celebrate this great victory with champagne. I didn't feel like that at all. There were soon very grave developments anyway. General Lago was slain by the Basque Fatherland and Liberty Group. Then when I came to this prime minister's palace on 2 December, it is true that I had many anxieties. Being here meant taking on responsibility for 40 million Spaniards. This was very much on my mind. I spent some extremely troubled, worried nights over this. I was always thinking. But this government plunged into important decisions anyway. Right after the swearing-in ceremony, even before the first council of ministers meeting, we devalued the peseta and raised the price of gasoline. We did this on our first day in office.

Communist, Right-Wing Job

[Question] I accompanied one of your last election campaign tours on the eve of the 1982 elections. I myself witnessed the hope, respect and excitement that people felt by your presence and what you were saying. These people wanted the "change" that you promised. But after these 2 years you have been in office, one now hears, "Change has changed." It is said that when the socialists came to power in Madrid, they tucked their programs away in a drawer. Are these charges accurate in your opinion?

[Answer] They are saying this. It is their job to say this, both the right and the communists.

[Question] So what is your answer to this grumbling?

[Answer] Saying it is not true. I have two impressions of this. First, we could not fully inform society about what we were and are doing. This may have been a mistake on our part. I can admit having made a mistake here. My second impression is I think we did certain things that had to be done too fast. We should have explained what we were doing and gone slower. But, all of this aside, I saw just this morning when looking over the press that, according to a public opinion poll published by a journal that has been rather critical of the government to date, we could get 45 percent of the vote. If elections were held today, we could get 45 percent of the vote. We won 2 years ago with 46 percent of the vote. And, remember, I am not getting on a bus and going out to explain what we are doing as I did 2 years ago. We are in a position to be able to get 45 percent of the vote without an effort of that kind. I do not have time to make that kind of speeches now, I have to work too hard. But the fundamental communication we have established with the public overcomes this kind of limitations and shows that the voters are loyal to us and what we are doing. The public knows us. Of course, the communists and the right in the opposition are going to be critical; what else can they do? But these criticisms are not reflected in the public.

[Question] But the people making these criticisms of you and the socialists are not just communists and the right. Political observers are making similar analyses also. I would like to go into this later, but I think this would be a good place for us to talk a little about unemployment. You said that you were going to create 800,000 new jobs in 4 years, in your election program.

[Answer] Yes, they are right about that. That was a promise that we have not been able to keep. They are right. I have to admit this. I even said this during my election campaign. Some of your Dutch and Danish colleagues -- who probably accompanied the election campaign the same day you did -- made no secret of their astonishment at the message delivered during the election campaign. "How can you campaign by saying all this? You'll never win this way," they said. I was telling the people that it was necessary to work hard, that it would be impossible to get out of the crisis by expecting the government to resolve it. I said this in all my election speeches. I talked about education during the election campaign and frequently about the reforms that had to be made in education. So, you see, we have made university reforms. Four ministers came and went before we could get the university reforms carried out (secular education, autonomy). But they were unable to get this law passed and had to resign. We undertook a cautious, but deep, reform of the entire educational system, despite the objections of the right and the fact that certain problems still exist. We launched a tough, serious fight against terrorism, which could dynamite the foundations of democracy. And I can say that during the 2 years since we took office, Spaniards have known for the first time that their democracy is not under threat.

[Question] Military reform...

[Answer] We have made radical reforms in the army. We amended the military justice law. We passed a new personnel law for the army, we drew up a program to modernize the armed forces and we amended the law on military service. All of these are things we have done within 2 years. I am talking to you about 2 years, not 20 years. And we have gone about these reforms involving the army in such a way that I think the armed forces understand that this is a reasonable process and a positive step for national security.

When it comes to economic problems...theories were being tossed around here, too, saying that inflation cannot be reduced below 14 percent - 15 percent. It was being said that inflation of this size is the natural inflation rate for Spain's economic structure.

[Question] But inflation fell...

[Answer] Yes, it is some 9 percent now. We said that we would be able to reduce inflation to below 10 percent by the end of our 4-year term in office. But, you see, we achieved this goal at the end of just our second year.

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[Text] [Question] Many political observers claim that socialism in Spain has become "Felipism." In other words, a conservative economic policy mixed with pragmatism under a progressive veneer has replaced socialism. Is there some truth in these kinds of analysis in your opinion?

[Answer] I think they are exaggerated. The truth is I consider myself a socialist and I feel like a socialist. Moreover, I think human progress is possible through a revised democratic socialism. If there is one thing I cannot understand, it is the ossification of socialist thought. Why are they saying all this?

Because I came out against nationalization. I am against nationalization not just for conjunctural reasons, but at the same time as a matter of concept. No one so far has shown that nationalization means progress. Yet I can give you many good examples of nationalization that did not generate a leap forward in the progress of societies. Now they say, "Is it possible to be socialist without nationalizing the banks?" Emphatically yes. Why not? The only thing I think must not be permitted would be for the banks to have control of the political administration, for example. I think "Felipism" means this: There is still a tendency in our societies to invest one's trust and political preference in individuals and leaders rather than in what a party stands for.

[Question] I don't think the people who are saying "Felipism" has replaced socialism in Spain are saying it because you oppose nationization. In short, they say it because of the standard belt-tightening policy you are applying. I read in a magazine recently that you are not simply saying, "I am a socialist," but, "I feel more socialist every day." How do you reconcile feeling more socialist every day with your inflation-control and wage-restriction policies?

[Answer] They are reconcilable. I discussed our economic policy and structural change in industry with Fidel Castro when he came to Madrid last time. Fidel Castro said to me, "I completely understand. You are putting priority on economic viability. But for me the important thing is social viability." I answered Castro this way: "I do not think social viability is possible where there is no economic viability." This is perhaps not all that is required for social viability, but it is necessary. First of all, it is necessary to have a certain economic policy to get out of the crisis. But this is not all. It is necessary to have a certain view of redistribution in addition to this policy. A social justice view is a must. But if you cannot provide economic viability, you will only distribute hunger. I am not conducting policy to distribute hunger. And I do not think socialism means distribution of hunger. According to some people, socialism means everyone gets an equal share of the bread crumbs. In my opinion, this is not applied socialism. And no society that has done it is still around, because there will always be some who are not content with the crumbs and will break off a great hunk of the bread with ham on it. For me, therefore, socialism cannot be identified with economic privation. It is especially necessary to show vis-a-vis the right -- the right that has always perceived itself superior to the left in economic administration -- that the left can also overcome a serious economic crisis. Demanding sacrifice from the people is the only way to overcome this crisis. Why should I stand by while the IMF demands this sacrifice from the people? If it is necessary to cut wages, I am the one who ought to say so. Why should someone from outside say this instead of me?

[Question] Which means that you admit there is a certain logic behind IMF policies?

[Answer] IMF policies are very stringent and tough. The hard part about these policies is their single-entry bookkeeping. Of course, this has a ruthless sort of logic. The trick is not to get into a situation so bad that the rules of the game must be dictated ruthlessly from the outside. Moreover, a terrific social redistribution has taken place in Spain in recent years. For instance, 10 years

ago our peasants had no retirement pensions. Today it is hard to find one without a pension. Perhaps the amount of their pensions is not very high, but I am talking about hundreds of thousands of people; this naturally amounts to billions of pesetas. This is an example of an important concern of social justice. But how can we do this? We demand sacrifice from the actively employed to enable distribution to the others.

[Question] I would like to go on to other subjects, too, a little. Many people are surprised at how professionally you are able to manage the government and state mechanism with such a young staff without prior experience. How, in fact, do you explain your success in this regard?

[Answer] Street smarts, right? By a very simple, earnest way of working. Moreover, it is necessary to debunk the mythology -- the people who are my successors can use this against me, but I'm not afraid of that -- yes, what I was saying is, it is necessary not to let this "experience" thing become so shrouded in mystery. The "experience argument" is a weapon of fear that old people use against the young people who follow them. It is frequently used to eliminate successors. But sometimes being inexperienced gives one an intellectual freshness in solving problems. I personally think we may have even greater difficulty in making certain necessary decisions after we have had 10 years of experience and become so familiar with the state mechanism and being in office.

[Question] Do you think the threat of a coup in Spain is now a thing of the past?

[Answer] Here, too, there is again an effort, a concept of identifying a period of history by a symbol. I think this is a mistake. It is necessary not to exaggerate. In my opinion, one must seek the value of the period of transition to democracy in Spain in the Spanish people...because the Spanish people are a moderate and tolerant people.

[Question] Well, this did happen after the Civil War...

[Answer] Sure. The pain of that war has never been forgotten. Spaniards still carry the awful memory of armed confrontation, of shooting one another. But in the end, this people decided on moderation and respect for the opinions of others. And it is impossible to separate the political leaders from this people. The leaders in this country can retain the support of the people only in this way. It is that simple. The people are not going to vote for anyone who is pro-violence, who could threaten the peace we now have. So you see, neither extreme in Spain has popular support behind it today, but both are outside the political play. Second, as for what the government is doing as regards the armed forces, I think I made this very clear during the election campaign. The government I head thinks the armed forces have a very important duty in protecting the national boundaries against outside enemies. I am not worried about learning the politics of any member of the army. Everyone thinks we have found a sophisticated formula in this regard. Certainly not. We have a relationship based on complete professionalism. We take care of the politics, they do their duty as the army. When a colonel is due for promotion to general -- a decision made in the council of ministers -- all I want to know is the colonel's military qualifications. The man's political thoughts, whose he is, or is not, does not concern me.

[Question] Is there still the danger of a coup in Spain, in your opinion?

[Answer] There is definitely no question of the threat of a coup in Spain. Moreover, I tell you this not as the head of a government, but with pride as a Spaniard, there is now no threat of a coup in Spain. The climate is steadily stabilizing. But, of course, this does not rule out the possibility of the emergence of a few coup proponents or their doing something stupid. However, there is no longer the slightest chance of a coup's succeeding in Spain. I want to say that.

[Question] You are recognized as a "European" leader in Brussels. Do you think one can now look upon the community as complete with Spain's and Portugal's joining the EEC? In your opinion, could Turkey's joining the EEC in the future provide for Turkish democracy the guarantees that have been accorded Spanish democracy in now becoming a part of Europe?

[Answer] First of all, Spain and Portugal share the same cultural, political and institutional sphere as the other EEC members -- indeed, one which shares the same religious values in the broad sense -- and their joining the community is thus quite natural. Let me say this in this connection: The Europe I believe in is not a nationalistic Europe. I believe that Europe can be rescued from the debility pervading it only through unity. This is a must, for Europe to be a power that figures in the international political scene. I do not believe that any single European power can play a role by itself in the international arena, no matter how strong it is. There must be movement toward a European "whole." Now, what is this "whole"? That is another question, of course. There are two concepts of Europe here: One is the European Economic Community and the other is the Council of Europe, which includes Turkey. But there is also another Europe beyond these that I do not want to forget to mention: I am talking about Central Europe and Eastern Europe. I am not talking about a specific period in history and do not want to create a problem outside of my frame of reference, but I cannot understand why Poland or Czechoslovakia should not be as European as Spain. I want to say that because "Europe," for me, is a broader concept than the European Economic Community. As for Turkey's problem, or rather, when we look at the problem from the standpoint of Turkey -- I have not researched this -- it is necessary to ask this question first of all: Is there a national will in Turkey to integrate with the EEC?

[Question] You know that we have been an associate member of the Common Market for 20 years. Nevertheless, we have still not made a firm decision as to full membership.

[Answer] Exactly, that is what I was trying to say. Moreover, I think this is a problem of national identity for your country, although, unfortunately, I do not know Turkey well. It is therefore very hard to advance an outside opinion on this. It would perhaps be necessary at the first stage to determine whether the Turk sees his national identity as European, and not from the standpoint of political model alone. Even if Turkey did not join the EEC, it could achieve, must achieve, a pluralist, entrenched and stable political system in which mutual tolerance is developed and that respects human rights and does not require military interventions. But even once democratic stability is achieved, this identity problem will continue to be a problem.

[Question] While we're on the subject of concepts like "national will" or "popular will"... You have adopted a stance favorable to NATO, contrary to the wishes of the large majority of Spaniards. Would you explain this attitude?

[Answer] Spain's ties to NATO... I decided to keep them because of common sense reasons. Now I will repeat here something that bugs certain of our friends abroad: If I were in the position to make a decision on whether Spain should join NATO today, I would not decide in favor. I want this to be known. But once we were in NATO, I think it would not be good either for Spain or Spain's friends for it to withdraw from NATO. It may be said within this logic that it is not much of a problem, anyway, because Spain was already included in the European and Western world's common defense system for many years by virtue of its bilateral relations with the United States. Therefore, we were already tied into the system. We have never been a neutral or non-bloc country. All political forces, without exception, admitted this was Spain's status during the transition to democracy. They admitted Spain's relationship with the security and defense system of the Western world. Our predecessor government decided that Spain should take its place within a multilateral relationship, not a bilateral relationship, in the Western defense system. Because of a series of realities that our national interests -- both national and international dimensions -- brought about once this step had been taken and while ties existed with the United States, Spain must not now pull out of NATO. If Spain were to take such a step now it would mean creating slippage in the balance of NATO and allowing a climate of insecurity to emerge. If Spain were to say, "Look, our Europeanism and our place within the Western security system are indisputable," she would find herself in the very difficult position of having to prove it. Yet, as long as we do not pull out of NATO, we have no problem with the other European nations that are in NATO and with which we share all economic, social and institutional problems. However, if we had not joined NATO to start with, none of these things would have mattered. Now, though, if we were to just pull out of NATO, there would be a very strong distrust of Spain in European public opinion.

[Question] So, in the referendum on NATO membership that you have promised in 1986, what will you do if Spaniards vote "No" on this membership?

[Answer] Then I will act according to the general desire of public opinion. But let me say this: I am not going to be happy, of course, if there is only a 10-percent or 15-percent turnout to indicate the general desire of the public. In order to make a decision in such a matter, it is necessary to have a strong representative sampling based on strong participation in the vote. The will of the people can be determined only in this way.

[Question] When I interviewed you 2 years ago right in the middle of the general elections, you said, "It is impossible to have true socialism before this country is modernized. First we have to strengthen democracy and modernize the state. Only after that can we speak of socialism." At what point do you find yourself now? Have you reached the point to begin social reforms?

[Answer] Some social reforms have already been undertaken. I had no fantasies about a mechanical locomotive as in the classic Marxist arguments...the first car departs first, then the second follows and so on. No, sir. Socialism is for

me first of all the entrenchment of democracy. Socialism in my opinion has no other definition. Socialism is self-generating every passing day. Socialism is a never-ending road, where freedoms take root and flourish and democracy pushes down deep. Societies where one person has less freedom than another, where one has less opportunity than another have not yet completed the task of socialism. The more democracy becomes entrenched, therefore, the more reforms will increase -- the reforms being made in the educational system for example. Our educational reform has the goal of allowing children to find their places within the educational system according to their own capabilities, not how much money their fathers have. The education system cannot be based on a system of privileges. The educational system must be democratized. This is what we mean by educational reform. At any rate, the idea I am trying to get across to you is this: After the necessary things have been done over the years, I would hope that party colleagues who come after would say to us, "Okay, you have done this much. Now we have some other things that we want to do. So, you can go now." And they should just shove us out the window. And they would get along fine if they did this.

[Question] Communist leader Santiago Carrillo said in an interview with CUMHURİYET: "The opportunities for reformist socialism have reached their limit in Europe. We are now seeing that the socialist and social democratic parties are undergoing a transformation. These parties are abandoning the traditional reformist positions and becoming reactionary liberal bourgeois parties. We are witnessing the collapse of the ideology of the left." Do you, Prime Minister Gonzalez, share this view?

[Answer] This is a simplistic view. But it is natural that such a view would come from Carrillo. Carrillo has been saying these things for a long time. And he says them because he is seeking a place for European communism. Where on the left would European communism fit? It would have to take the place that democratic socialism has always occupied. In order to take over democratic socialism's place, of course, Carrillo has to pontificate about socialism's conversion to liberalism. Otherwise, what would be the sense of a European communism that imitated social democracy? And, since European communism is not, in fact, very relevant, you see what is happening to the communists. Communist parties are disappearing one by one. It is very simple. Communism in France, you know, has suffered an enormous drop in credibility. The communists in Spain, too, have taken a heavy blow. And the communists in other European countries have been left almost completely outside of political play. The only exception is Italy.

[Question] Italian communists have a very special status, of course...

[Answer] Exactly, because the communists in Italy, in spite of all Craxi could do, have managed to take over the area of democratic socialism, you see.

[Question] You are one of few politicians whom power has not made either drunk or bitter. You seem to have the same zeal and enthusiasm as in your early days in politics, as the "Isidoro" years. How do you keep this zeal and enthusiasm alive after your experience in office?

[Answer] There are two ways to go about politics: One is to be a participator, share the feelings of others, and the other is a cold, rational attitude toward politics taken with a good dose of cynicism. Mine comes under the first one,

even when I have to take harsh measures. The measures we took on structural change in industry, for example, were actually very painful to me. I worry along with the people who lost businesses in this process. I cannot be casual and cynical, saying, "This has to be done no matter what." I know structural change in industry is necessary and I am taking the leadership in accomplishing it, but it tears me up inside. I know many politicians who have made "cynicism" a mechanism for survival in politics, because the participation I told you about is much harder on the person in power. But I cannot do otherwise. This, to me, is important on the human scale. But it is also a part of socialism, I think. It is the moral side of socialism. Of course, the people who describe socialism as historical materialism, meanwhile, are opposed to what I'm saying; it makes them tear out their hair. But, as in all other human endeavor, you either find humanity in politics or you have nothing.

[Question] What is power to you, Mr Prime Minister? Is it invigorating or destructive? Do you suffer at all from the loneliness of power?

[Answer] Power is only a means to an end for me. I see holding office totally as a means. And I look upon events a little objectively because I see power in this way. I am not saying that I do not exercise power, but that I exercise power as a means.

[Question] That is, you look at a little as the third person?

[Answer] Exactly. I have some ideas and I have to put them into practice. I need a means of carrying out my ideas. So, the machine, so to speak, that I use to realize my ideas is power, being in office. An artist uses a brush to paint a picture. I use the office as he uses the brush. I do not see myself as the embodiment of power, then. This makes it possible for me to look upon events from a certain distance. As for the loneliness of power, most politicians are careful to say they are involved in an intensive give and take. The truth is not like that. As prime minister of a country, I do not think there is a politician on the face of the earth who does not know the loneliness of decision-making, who is not acquainted with this loneliness. Those who say otherwise, well, they are lying, believe me, they are lying. To give you a more concrete example, if I may, power is the loneliness of the final telephone ringing to find out what your decision is.

[Question] Will it be easy for you to give it up when the time comes?

[Answer] What?

[Question] Power.

[Answer] Now I was going to give you a very definite answer to that. I was going to tell you, "Yes, have no doubt about that." But I am not going to be so sure; I would rather say, "Yes, I think I will be able to give it up." But the thought that really comes from my heart is that I will be able to leave it all easily and without hesitation, and go.

POLITICAL

SWEDEN

PARLIAMENT PASSES LAW FURTHER LIMITING SOUTH AFRICA INVESTMENTS

Stockholm SVENSKA DAGBLADET in Swedish 21 Feb 85 p 6

[Article by Willy Silberstein: "New Law Prohibits Swedish Firms From Loaning to South Africa"]

[Text] After a long debate on Wednesday the Riksdag approved the South Africa law which on several points reduces the possibilities for investment for Swedish firms.

The Conservative Party members were unanimously against the law with the motivation that, among other things, it conflicted with Swedish foreign policy.

The law, which replaces the 1979 South Africa law and which is more strict means that Swedish firms can not give loans to the South African state. And it will not be permitted to lease property from South African firms.

In addition Swedish firms must report the wages and working conditions and the social conditions of their employees.

With government approval firms can make replacement investments. They are also permitted to buy supplies for a maximum of 100,000 kronor per year without permission. In both cases, however, it is required that the firms do not expand in South Africa or Namibia.

During the debate all speakers criticized the apartheid system and spoke of the recent arrests.

"We are now seeing a nightmare situation in South Africa," said Center Party member Sture Korpas.

"We do not want South Africa torn apart by revolution, however, but a country which can develop toward democracy."

Conservative Margaretha af Ugglas said, "But the situation does not mean that Swedish firms should be prevented from making investments."

She said, "It is better that Swedish firms in South Africa work for democratic development and in cooperation with the union organizations work out an honor code which will support the improvement of education and working conditions for the blacks."

"The law is also a departure from Swedish foreign policy. We have always in other cases said no to sanctions of this kind against individual countries. The law of course means a recognition of the great power sanctions which we otherwise oppose. Furthermore, we have seen that the South Africa law, which has been in effect for several years, has not influenced other countries."

Margaretha af Ugglas was strongly criticized by all the other Riksdag parties which also supported the South Africa law.

Rune Angstrom, Liberal Party, said that firms in South Africa are using slave labor.

"So we should use whatever instruments we can to bring about improvements."

Oswald Soderqvist, Left-Party Communist, said, "It is revealing that the Conservatives cynically place themselves on the side which guarantees profits to firms instead of thinking about the awful treatment the blacks are going through."

Stig Alemyr, Social Democratic chairman of the Foreign Affairs Committee, agreed with the Conservatives that the South Africa law had not induced other countries to do the same. But, he said, the law has a large symbolic value.

"I can also agree that the law is a departure from established Swedish Foreign Policy on sanctions against an individual country. But it is an exception which points out how abominable apartheid is. No country can misunderstand our position," said Alemyr.

But af Ugglas did not agree with that description. "OECD has criticized the use of the South Africa law," she reminded.

Toward the end of the debate Foreign Trade Minister Mats Hellstrom also joined in. He rejected the argument that other countries had not been impressed.

"In the United States demands for action are increasing. In Norway and Holland increasing actions against South Africa are being discussed. It is therefore wrong to say that what we do is not important," said Hellstrom.

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28 March 1985

MILITARY

ICELAND

PRIME MINISTER SEES GREATER ROLE FOR COUNTRY IN OWN DEFENSE

Reykjavik NEWS FROM ICELAND in English Mar 85 p 9

[Interview with Foreign Minister Geir Hallgrímsson by Frida Proppe]

[Text]

There have been three main pillars in Icelandic foreign policy since the Second World War: membership of the United Nations and unswerving commitment to its charter, membership of NATO since 1949, and maintaining common bonds of culture and friendship through the Nordic Council of Ministers.

Minister for Foreign Affairs Geir Hallgrímsson focused in his interview with News From Iceland on the second of these issues, Iceland's membership of NATO, which he said was originally inspired by the security implied in the organization's promise of a collective defence against acts of aggression towards any single member state, after the UN had proved incapable of preventing international conflict and war. An initial declaration precluding the need to station peace-time forces on Icelandic soil was later replaced by a defence agreement with the USA during the Korean War, granting the US-manned Iceland Defence Force use of the Keflavik naval air base. The question of a US withdrawal has twice been raised, said Hallgrímsson, but never followed through.

You say that collective defence against aggression towards member states was one of the main reasons for Iceland joining NATO. Does this principle still apply, bearing in mind the Royal Navy's intervention during the last Cod War with Britain?

A lawyer by profession and a postgraduate from the Harvard Law School, Geir Hallgrímsson served as mayor of Reykjavik from 1959 to 1972 and represented the capital in parliament (Althing) from 1970 to 1983. He held the leadership of the Independence Party from 1973 to 1983, and was Prime Minister from 1974 to 1978. He became Minister for Foreign Affairs when the present coalition took office in May 1983.

"I feel that the principle is still valid, although the question remains whether some further guarantee is needed. While the international situation remains as insecure as it was when we signed the Defence Treaty in 1951, the presence of the US Defence Force in our country is still imperative.

"The so-called Cod War with Britain was indeed a serious dispute and could well have led to

loss of lives, but it was a dispute with Britain, and to a certain extent with West Germany, not with the USA or NATO. As a matter of fact, NATO was instrumental in making peace in the Cod War, which should be borne in mind along with the heroic performance of our Coast Guard and developments during the UN Law of the Sea Conference."

The defence build-up in both Norway and Sweden is indicative of a large-scale escalation of military activities in the North Atlantic. Where does Iceland stand on this point?

"It is clear that Iceland's geographical position makes it strategically important. We have to face up to this fact and act accordingly. Iceland was a vital transatlantic communications link in the Second World War, and continues to be so for NATO. An alarming development has been taking place in recent years, with the Soviet Union turning the Kola peninsula into one of the largest arsenals in the world and escalating its function as a military marine base. Other Nordic nations have been feeling the impact of the Soviet build-up in the north, as violations by submarines and the recent missile intrusion clearly show. Even neutral countries are obliged to devote enormous sums towards defence — Sweden, for example, allocates a larger proportion of its budget to defence than NATO members Norway and Denmark."

There is much discussion in this country of increased facilities for the Iceland Defence Force at Keflavik, such as a new fuel depot at Helgavik, a new control terminal and more radar stations. Are Iceland's defences being built up?

"All these projects — renewing the force's jet fighters, building hangars and the Helgavik scheme — are only steps towards modernization and do not, in the government's view, imply a change in the nature or role of the Keflavik base. Existing fuel storage facil-

ities also impede planning by local authorities as well as presenting a potential pollution hazard.

Plans are also being made for building two radar stations, in the West Fjords and northeastern Iceland — to replace facilities discontinued around twenty years ago after they were damaged in bad weather — since the current radar network in the southwest and southeast is no longer sufficient to monitor traffic within Icelandic airspace. Although the USA and NATO will be paying for the new radar facilities, I still do not think it is right to talk about military installations. Anyone entering Icelandic airspace with a peaceful intent will simply benefit from the improvements in navigation which they offer." He also mentioned plans for Icelanders to man the stations themselves and take over Defence Force radar stations after proposed modernization takes place.

To follow up this point about Icelanders participating in the defence of their own country, do you believe we keep a close enough watch on decision-making and operations affecting our defence and security, domestically as well as internationally?

"On the question of radar and other projects undertaken by the Defence Force, the present government emphasizes the importance of making an independent assessment of Iceland's role within NATO, and of national security in general. We have informed NATO that we will send observers to the twice-yearly sessions of its military council and to any other meetings directly concerned with Iceland; we would also like to have an Icelandic defence expert working at NATO headquarters.

"We realize that increasing our participation could conceivably lead us to turn down overtures by NATO and the USA regarding possible projects by the Defence Force in this country. There is also an equal likelihood that we

would demand further measures from the people who have taken upon themselves the defence of the country if we found the present situation to be inadequate."

Asked about other foreign policy priorities with the present government, Hallgrímsson mentioned Iceland's claim for seabed rights outside its 200-mile economic zone, on which agreement still remains to be reached with neighbouring countries. The government, he said, is also striving for greater cooperation between North Atlantic fishing nations, embracing not only stock conservation and catch administration, but also sales and processing with a view to removing state subsidies which impede free international trade.

A final question concerning the peace movement in Iceland and abroad. What is the current and potential role of a minor nation like Iceland in the ultimate goal of world peace?

"To the best of its limited abilities, Iceland wishes to contribute to disarmament and peaceful coexistence. Like other NATO nations, we feel that the alliance's major role is to prevent war and confrontation, as it has managed to do during the thirty-five years of its existence. We also desire to support nations which respect and campaign for human rights, but no progress will be made in any of these spheres unless suspicion between nations can be dispelled. The prerequisite for this is talks on disarmament, and above all the removal of the nuclear threat. But unilateral disarmament will not ensure peace and freedom.

"Borders, and countries themselves, must be opened up, so that free discussion and the democratic decision-making process can blossom. This might seem a somewhat remote prospect given current forms of government in most countries in the world, but it still remains the goal which mankind must strive towards."

Frida Proppé is a journalist at Iceland's largest daily, Morgunbladid. Transl. B.S.

MILITARY

NETHERLANDS

MAINTENANCE PROBLEMS WITH MODERNIZED OLD TANKS

Amsterdam DE TELEGRAAF in Dutch 2 Feb 85 p 29

[Article by H.F. van Loon: "Old Leopard-I Tanks Able To Battle the Enemy After 'Facelift'"]

[Text] Hohne (West Germany), Saturday: A remarkable week for the Netherlands Army: in the West German gunnery camp at Bergen, where 9 000 military personnel are doing two weeks of training maneuvers, the very last shots from the 32-year-old Centurion tanks and the first from the reconditioned Leopard-I tanks were fired.

Fierce cold (down to -10° Celsius) and roads as slippery as glass in the region where the maneuvers were being held caused a number of accidents to the thousands of wheeled and treaded vehicles that had come over from the Netherlands.

The materiel director of the army, General J. van den Bergh, let it be known yesterday that because of the harsh weather conditions, there were complaints about clothing and footwear, but that these were being dealt with satisfactorily. "While awaiting the newly designed combat outfits that will be in use several years from now, we have lately placed a rush order for extra rainwear, rubber boots and special socks, which will be distributed before the next cold spell."

Because the outfits are made from a type of synthetic material not found on the European market, they were ordered from Japan. So this Asian country adds itself to the list of suppliers of clothing to the Netherlands military man, who already gets parts of his uniform from Eastern Block nations, as well as from Morocco and Pakistan.

Nostalgic

Although one could sense a somewhat nostalgic atmosphere when the last shot from the Centurion was fired by Hussar Coen Koopman, this mood was not shared by Army Corps Commander Wim Loos, who declared that he was happy "that progress was finally being made."

In addition to the ultra-modern Leopard-II tanks, his cavalry units now have at their disposition a good 465 remodeled Leopard-I tanks.

These 16-year-old tanks have been so modernized, at a cost of 800,000 guilders each, that they can stand up against new Soviet tanks. If the army had had to purchase brand-new tanks rather than these reconditioned ones, a much higher price--2.2 million guilders apiece--would have had to be expended, and the defense budget does not allow for this.

The first 16 improved Leopard-I tanks have been delivered to the 101st tank battalion, and each one will have the opportunity to fire 40 shells in the next few days. Colonel E. Dirks admits: "That is perhaps not very many, but we do not have practice ammunition to spare, and economizing is the current magic word in army matters."

Concerning the criticism that was expressed by the group of technical specialists of the VMTB [Vereniging van Militair-Technische Beroepen; Association of Military-Technical Professionals] and its chairman, A. Twigt, concerning the tank project, the man responsible, Colonel P. Cavadino, says: "Of course, we have integration problems, and of course some of the tanks do not come up to our expectations in every way. With the large number of new electronic devices now housed in them, something may always fail to work properly, I am the last one who would deny that. But on the average, one of our tanks is out of commission for a short time five times a year, whereas with the Germans the figure goes as high as 11 times a year. Modern tanks are easy to handle, but very difficult to service and maintain.

I have already repeatedly said to Twigt: "Now for once come up with some well-founded complaints, but come up with some solutions for them, too," but the latter has never happened. In point of fact, I believe that as a former air force man, he does not really understand our army problems very well."

Under-secretary Jan van Houwelingen, who served as an inspector at the winter maneuvers during the last two days, refused to take A. Twigt along with him: "Any man who speaks obvious untruths I do not take along as part of my delegation--although of course he is free to go and view the gunnery exercises on his own."

Colonel Kusters, the commander of the plant where the tanks are modernized, says in conclusion: "One forgets that what we are doing here is more than a mere overhauling; it is state-of-the-art refabrication. We are modernizing the directional aim apparatus, for example, through the use of a laser-operated distance finder, by means of which the tanks, while in motion, can fire both excellently and rapidly; and we apply extra armor to them. But these tanks are some 16 years old; no two of them are exactly the same, and that affects the assembling of the component parts; and it is not easy to integrate modern electronic equipment with older hydraulic and mechanical components.

"Every tank that we deliver, however, is unquestionably good; the difficulties come only in their maintenance. If we want to attract the necessary and competent higher technicians in sufficient numbers, then the department of defense will have to open up its pocketbook in order to make this work more attractive to them."

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MILITARY

SWEDEN

BOFORS GUN, FIRE CONTROL SYSTEM ON IRAQI SHIP DESPITE LAW

Stockholm DAGENS NYHETER in Swedish 5 Mar 85 p 7

[Article by Claes Lofgren: "Yugoslav Frigate Sold Again--Swedish Weapons to Iraq"]

[Text] Another example of how Swedish weapons arrive in warring countries was disclosed by The Swedish Peace and Arbitration Association. The Iraqi frigate "Ibn Khaldun" which is in use today in the war against Iran is equipped with a 57 mm Bofors cannon and a fire control system made by Svenska Philips in Jarfalla.

The material was originally intended for Yugoslavia--a precondition for the export license which the Swedish Government issued in 1976. Two years later, however, while the frigate was being built in the shipyard at Split it was purchased by Iraq. It was delivered to Iraq in March 1980.

Certification Required

Before 1983 purchasers of Swedish weapons were divided into two categories--reliable and unreliable. The unreliable were required to produce a certification of final user. The buyer guaranteed not to export Swedish weapons onward to a third country.

The reliable were not required to produce such a certification. Yugoslavia, which in 1980 was the largest individual purchaser of Swedish weapons, was considered reliable. But naturally the entire export permission was based on no Swedish weapons being sold further--regardless of whether the buyer signed a certification or not.

In 1983 the law was changed and now the certification of final user is obligatory. The question is now whether Bofors and Philips broke the law about weapons export. Swedish Peace believes that Bofors knew that the Swedish material would be resold to Iraq. At the end of 1979 and beginning of 1980 Bofors personnel worked at installing the material on the frigate at the shipyard in Split.

Notify Police?

"In 1979 several military journals reported Iraq's purchase of the frigate. Naturally Bofors knew about the affair. Still Bofors, which was responsible for delivery of the system, said nothing to the Swedish Government. Because of Iraq's purchase Yugoslavia still needed a training frigate, and a repeat of the 40-million order loomed," said Henrik Westlander of Swedish Peace.

Swedish Peace now expects that Bofors will apply for a license for delivery of a 57 mm cannon and fire control system to Yugoslavia. Then Bofors will be reported to the police, because the order, according to Swedish Peace, will be a replacement for the unlawful weapon deal.

Secret Agreement

Martin Ardbo, head of Bofors war material manufacturing, dismissed the criticism, however.

"When we delivered the weapon we only knew that it should go to Yugoslavia. If a customer later appeared at the shipyard we don't know anything about it. We can't control what the Yugoslavs do with their material after they buy it."

But was Bofors aware of the delivery to Iraq when you worked on the installation aboard the frigate?

"In the first place all agreements in this business are secret. In that case it would not be so remarkable if we knew about the agreement," said director Martin Ardbo, Bofors.

"In the second place we have no obligation to tell the Swedish authorities about anything we might happen to learn."

But was Bofors aware of the final destination of the ship?

"No, I was not. Whether later some engineer from Bofors became aware, I do not know. Furthermore there are few countries such as Yugoslavia who keep their weapons deals so secret," said director Ardbo.

The secrecy surrounding weapons deals in combination with your feeling that you have no obligation to report what you might see must also mean that Swedish weapons can arrive in countries on the export prohibited list.

"In this world in which we live one can count on weapons going to countries for which they are not intended."

Regulations Exist

Then how should the Swedish Government approach a new application to sell weapons to Yugoslavia?

Foreign Trade Minister Mats Hellstrom told DAGENS NYHETER, "We never say in advance how we are going to decide on an export application."

Does Bofors have any obligation to report to the government if, while making an installation, they learn that the weapons are to be exported further?

"The obligations of the firm are of course regulated. Obviously the firm has an obligation to follow existing regulations."

But in this case?

"As I said the obligations of the firm are regulated."

At the Trade Division of the Foreign Ministry, department head Sven-Erik Beckius would neither confirm nor deny whether Bofors had applied for a new weapon delivery to Yugoslavia.

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

BERLIN INDUSTRY HANDICAPPED IN COMPETITION FOR R&D FUNDING

West Berlin WOCHENBERICHT DES DEUTSCHEN INSTITUTS FUER WIRTSCHAFTSFORSCHUNG in
German 17 Jan 85 pp 29-33

[Text] Despite the increasing significance of indirect and indirect-specific funding, direct project funding by the BMFT [Bundesminister fuer Forschung und Technologie = Federal Minister for Research and Technology] is assuming a central position in terms of promoting innovation. This is true throughout the FRG and therefore also in West Berlin.

At the request of Berlin's Senator for Economy and Transportation the DIW [Deutsche Institut fuer Wirtschaftsforschung = German Institute for Economic Research] has analyzed the significance of direct project funding by the BMFT for the regional economy and evaluated its effects. This report summarizes the most important results of an evaluation of BMFT allocation statistics. A separate report which will also appear here will provide the results of a survey of commercial enterprises.¹

BMFT funding is concentrated in:

- areas in which the federal government has special autonomous tasks
- long-term and risky projects
- demonstration projects for determining the technical and economic feasibility of new technologies².

In addition, the BMFT has defined 19 specialized programs in which primarily long-term, "preliminary" industrial R&D projects involving high initial R&D risks are subsidized. In every case the allocation is to amount to 50 percent of the investment made by the funding recipient. Companies in Berlin receive an additional bonus of 10 percent.

The main areas of emphasis in terms of BMFT project funding are:

- 00 Selected activities
- 01 Basic research in the natural sciences
- 02 Humanizing the working world
- 03 Environmental research and technology
- 04 Biotechnology
- 05 Research and technology in the securing of raw materials
- 06 R&D in health-related services
- 07 Energy research and technologies
- 08 Information technology
- 09 Aviation research and technology
- 10 Physics-related technologies
- 11 Production engineering
- 12 Information and documentation
- 13 Aerospace research and technology
- 14 Shipping and transportation technology
- 15 Oceanographic research and technology
- 16 Construction research and technology
- 17 Safety-related research and technology
- 18 Polar research

High Overall Percentage of BMFT Project Funds for Berlin

Within the scope of direct project funding the BMFT allocated DM 24.3 billion in the FRG during the period from 1975 to 1983. As expected, North Rhine Westphalia, Baden Wuerttemberg and Bavaria were the leading participants. Of the funds allocated since 1975, these Laender have received 35 percent, 19 percent and 18 percent respectively. West Berlin with 3.4 percent--the same as Hamburg--is nevertheless in sixth place even ahead of Schleswig-Holstein (2.5 percent) and the Saarland (2.2 percent). Bringing up the rear are Bremen (1.7 percent) and Rhineland Palatinate with only 0.8 percent.

Table 1. Direct BMFT Project Funding According to Economic Sectors in the Bundeslaender During the Period 1975 to 1983

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Wirtschaftszweig	Insgesamt	Schleswig-Holstein	Hamburg	Nieder-sachsen	Bremen	Nordrhein-Westfalen	Hessen	Rheinland-Pfalz	Baden-Württemberg	Bayern	Saarland	Berlin (W)
(14)	- in 1000 DM -											
Gewerbliche Wirtschaft	18084085	483194	595434	844222	335628	6859268	1158938	89942	3382104	3643433	457072	234850
davon: (15)												
Landwirtschaft (16)	1278	-	841	274	-	-	-	-	163	-	-	-
Energiewirtschaft (17)	2536017	107	69689	138658	-	1788512	72888	326	24450	106232	330010	5145
Verarbeitendes Gewerbe (18)	13391823	448697	321334	611642	241582	4629857	902616	81285	2827242	3152779	27864	146925
Baugewerbe (19)	162984	-	49027	38559	-	27814	7758	1853	21754	15938	-	281
Handel (20)	7635	-	-	-	-	792	209	-	4490	1959	-	185
Verkehr u. Nachrichten- übermittlung (21)	339106	204	31198	30140	81422	18164	21801	-	9340	137824	-	9013
Versicherungen (22)	35133	-	-	-	-	-	33641	-	-	1492	-	-
Sonst. Dienstleistungen (23)	1610109	34186	123345	24949	12624	394129	120025	6478	494665	227209	99198	73301
Institutioneller Bereich (24)	6232748	119523	241181	703867	65195	1675242	559686	109960	1267897	815616	79255	595326
davon: (25)												
Wiss. Forschungs- einrichtungen (26)	2600904	51713	13815	117503	8003	797902	268458	7014	641063	398032	42604	254797
Staat (27)	3631844	67810	227366	586364	57192	877340	291228	102946	626834	417584	36651	340529
darunter: (28)												
Hochschulen (29)	2358476	40264	125230	244584	14726	649017	232088	68630	484845	291662	36565	170865
Insgesamt (30)	24316833	602717	836615	1548089	400823	8534510	1718624	199902	4650001	4459049	536327	830176
(31)	- in vH -											
Gewerbliche Wirtschaft (14)	74,4	80,2	71,2	54,5	83,7	80,4	67,4	45,0	72,7	81,7	85,2	28,3
davon: (15)												
Landwirtschaft (16)	0,0	-	0,1	0,0	-	-	-	-	0,0	-	-	-
Energiewirtschaft (17)	10,4	0,0	8,3	9,0	-	21,0	4,2	0,2	0,5	2,4	61,5	0,6
Verarbeitendes Gewerbe (18)	55,1	74,5	38,4	39,5	60,3	54,3	52,5	40,7	60,8	70,7	5,2	17,7
Baugewerbe (19)	0,7	-	5,9	2,5	-	0,3	0,4	0,9	0,5	0,4	-	0,0
Handel (20)	0,0	-	-	-	-	0,0	0,0	-	0,1	0,0	-	0,0
Verkehr u. Nachrichten- übermittlung (21)	1,4	0,0	3,7	1,9	20,3	0,2	1,3	-	0,2	3,1	-	1,1
Versicherungen (22)	0,2	-	-	-	-	-	2,0	-	-	0,0	-	-
Sonst. Dienstleistungen (23)	6,6	5,7	14,8	1,6	3,1	4,6	7,0	3,2	10,6	5,1	18,5	8,9
Institutioneller Bereich (24)	25,6	19,8	28,8	45,5	16,3	19,6	32,6	55,0	27,3	18,3	14,8	71,7
davon: (25)												
Wiss. Forschungs- einrichtungen (26)	10,7	8,6	1,6	7,6	2,0	9,3	15,6	3,5	13,8	8,9	8,0	30,7
Staat (27)	14,9	11,2	27,2	37,9	14,3	10,3	17,0	31,5	13,5	9,4	6,8	41,0
darunter: (28)												
Hochschulen (29)	9,7	6,7	15,0	15,8	3,7	7,6	13,5	34,3	10,4	6,5	6,8	20,6
Insgesamt (30)	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0
Quellen: BMFT; DIW. (32)												

[Key on following page]

Key:

- | | |
|---------------------------|---------------------------------------|
| 1. Economic sector | 17. Energy |
| 2. Total | 18. Material processing |
| 3. Schleswig-Holstein | 19. Construction |
| 4. Hamburg | 20. Trade |
| 5. Lower Saxony | 21. Transportation and communications |
| 6. Bremen | 22. Insurance |
| 7. North Rhine Westphalia | 23. Other services |
| 8. Hesse | 24. Institutional sector |
| 9. Rhineland Palatinate | 25. of which: |
| 10. Baden Wuerttemberg | 26. Scientific research facilities |
| 11. Bavaria | 27. Federal government |
| 12. Saarland | 28. including |
| 13. West Berlin | 29. Advanced schools and colleges |
| 14. Commercial sector | 30. Total |
| 15. of which: | 31. in percent |
| 16. Agriculture | 32. Sources: BMFT, DIW |

Berlin's share even increased from an initial 2 percent (1975) to 4.7 percent (1981), but was followed by a decrease to 2.4 percent. Most recently Berlin's share was 3 percent. Berlin thus receives BMFT funding commensurate with other economic parameters: 3.6 percent of the gross domestic product produced by the overall national economy comes from West Berlin, and 3.4 percent of the gainfully employed work in this city.

Of all the programs, "information technology" has by far the most significance for Berlin. In 1975 just under half of the money going to the city within the scope of BMFT project funding was from this part of the budget; most recently it was still just under 30 percent. Compared to funding for information technology in the entire FRG, Berlin's share increased continuously from 4.4 percent in 1975 to 21.2 percent in 1981. In 1982, however, it suddenly decreased to about 10 percent and stabilized at this level the following year. The relative decline in overall BMFT project funding in Berlin in 1982 is due not least of all to the trend in development in this sector. The city did participate in other programs to a much greater degree, but it must be kept in mind that Berlin's sometimes very high share of the funds involves programs which rank much lower in terms of overall funding--the exceptions being "humanizing the working world" (No. 02) and "R&D in health-related services" (No. 06).

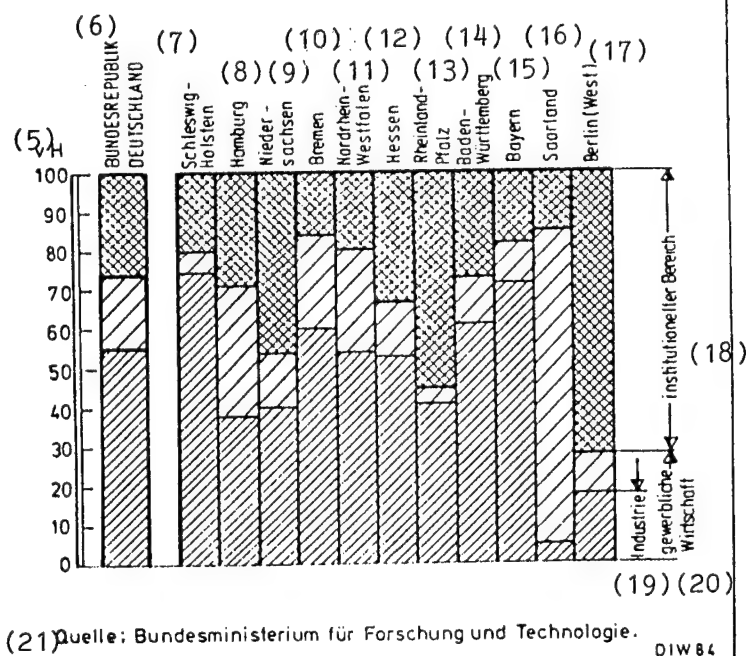
Table 2. Direct BMFT Project Funding in West Berlin

(1) in vH zur Gesamtförderung

Fachprogramm (2)	1975	1976	1977	1978	1979	1980	1981	1982	1983
00	1,7	0,7	1,0	1,6	2,4	2,0	2,5	1,9	2,9
01	1,5	1,1	0,9	0,3	0,9	1,4	2,5	6,1	8,4
02	1,1	1,8	4,8	11,1	12,3	13,5	9,8	6,4	5,2
03	4,2	5,6	6,1	4,6	3,5	2,4	3,7	4,0	5,7
04	7,0	5,5	4,2	7,4	4,8	9,3	12,9	6,9	5,3
05	0,8	2,2	3,2	3,2	2,3	1,7	1,9	1,4	1,6
06	6,1	9,8	7,1	9,0	8,9	7,8	6,7	6,8	7,0
07	0,6	0,4	0,5	0,9	1,5	1,1	1,4	0,6	0,7
08	4,4	6,3	7,1	7,2	12,8	19,1	21,2	9,9	10,5
09	-	-	-	-	0,3	0,5	0,6	0,6	0,4
10	0,5	3,2	4,8	8,4	9,6	10,3	9,2	7,6	3,0
11	3,3	8,3	6,5	6,6	9,1	11,6	10,2	8,4	6,8
12	12,4	22,1	11,4	9,7	13,3	21,8	22,2	14,3	15,5
13	0,1	0,4	0,8	0,9	1,0	1,3	0,8	0,8	1,1
14	2,4	4,4	2,4	3,7	7,7	7,3	8,9	4,9	7,5
15	-	-	0,1	0,1	0,5	0,4	0,3	0,5	0,8
16	-	-	-	-	2,4	4,2	2,4	0,5	-
17	-	-	-	-	-	-	0,4	0,1	1,0
18	-	-	-	-	-	-	-	-	-
00-18	2,0	2,9	2,7	3,2	4,6	4,6	4,7	2,4	3,0

Quellen: BMFT; DIW. (3)

(4) Anteile der Wirtschaftsbereiche
an der direkten BMFT-Projektförderung
in den Bundesländern im Zeitraum 1975-1983



[Key on following page]

Key:

- | | |
|---|----------------------------|
| 1. in percent of overall funding | 11. North Rhine Westphalia |
| 2. Specialized program | 12. Hesse |
| 3. Sources: BMFT, DIW | 13. Rhineland Palatinate |
| 4. Commercial Sector Share of Direct
BMFT Project Funding in the
FRG Laender from 1975 to 1983. | 14. Baden Wuerttemberg |
| 5. percent | 15. Bavaria |
| 6. FRG | 16. Saarland |
| 7. Schleswig-Holstein | 17. West Berlin |
| 8. Hamburg | 18. Institutional Sector |
| 9. Lower Saxony | 19. Industry |
| 10. Bremen | 20. Commercial Sector |
| | 21. Source: BMFT |

But a Lesser Share to the Commercial Sector

Universities, scientific institutes and commercial enterprises receive BMFT project funding. Comparisons of funding recipients in West Berlin and the other individual FRG Laender on the one hand and in West Berlin and the overall FRG on the other present significant differences. The strong concentration of funding in the institutional sector in Berlin is striking; the commercial sector most often comes out with less than the average.

During the period under study, 1975 to 1983, the BMFT funded a total of 237 projects within the commercial sector in Berlin. The research projects have been distributed among 92 enterprises, and the amount of funding awarded to date amounts to DM 284 million. A broad-based application of this funding, which these figures might indicate, does not exist, however--at least not in Berlin. Six enterprises alone account for half of this total funding. Only three of them--and they have a 28 percent share--are material processing enterprises. Moreover, not all of the projects which are requested for Berlin or which are applied statistically to this region by the BMFT are actually carried out here. In the case of one large enterprise which is among the main applicants for funding, not even 10 percent of the funds requested by the Berlin plant were used in Berlin.

Even when reciprocal events are taken into account--funding is requested by a plant not in Berlin but the work is done in Berlin--it can be assumed, based on numerous sources of information, that Berlin's share of BMFT funding actually lies below the value given in the funding statistics.

But even according to the official statistics a bleak picture is painted for Berlin's industry regarding the availability of BMFT project funding. Of the 92 enterprises in the commercial sector, 59 are material processing enterprises, 27 are in the service sector and the rest are divided among the energy, transportation, construction and trade sectors. With DM 147 million Berlin's enterprises within the material processing sector have received only 1.1 percent of the total funding allocated to this sector by the BMFT. Lesser shares were received only by Rhineland Palatinate with 0.6 percent and Saarland with 0.2 percent.

Table 3. Direct BMFT Project Funding to Material Processing Enterprises in the FRG Laender from 1975 to 1983.

(1) in vH zur Gesamtförderung im verarbeitenden Gewerbe											
(2) Fach- programm	(3) Schleswig- Holstein	(4) Hamburg	(5) Nieder- sachsen	(6) Bremen	(7) Nordrhein- Westfalen	(8) Hessen	(9) Rheinland- Pfalz	(10) Baden- Württemberg	(11) Bayern	(12) Saarland	(13) Berlin (W)
00	-	14,1	-	-	32,2	24,9	-	-	12,4	-	16,4
01	-	-	2,3	-	20,6	-	8,5	-	68,6	-	-
02	4,1	1,1	13,6	1,6	27,6	7,8	4,4	18,4	15,8	0,7	4,9
03	0,9	5,2	4,0	1,5	41,9	16,0	3,7	8,2	16,3	-	2,3
04	-	1,0	1,7	-	31,8	36,3	1,5	11,9	7,2	-	8,6
05	0,5	2,4	17,4	0,8	41,6	14,5	2,6	6,0	10,8	3,3	0,1
06	9,0	8,5	0,9	2,8	7,6	19,5	1,1	20,8	25,0	0,1	4,7
07	1,5	0,3	4,1	0,3	54,2	6,4	0,2	24,3	8,3	-	0,4
08	0,5	5,9	1,5	0,7	10,6	3,3	0,6	24,9	49,9	-	2,1
09	0,2	20,3	-	20,3	0,9	4,4	0,1	36,3	17,5	-	-
10	5,8	5,8	3,4	0,9	8,3	12,7	3,7	32,6	23,3	-	3,5
11	0,7	3,4	4,8	1,3	13,6	14,5	1,6	43,7	11,6	-	4,8
12	-	-	-	-	19,5	49,9	0,9	1,1	11,9	-	16,7
13	2,7	1,6	0,2	11,7	1,3	0,3	-	15,2	67,0	-	0,0
14	1,1	1,6	8,0	0,0	10,6	4,0	0,1	12,9	60,2	0,0	1,5
15	41,4	12,5	8,9	12,1	7,9	7,8	2,4	3,8	3,2	-	-
16	-	-	2,5	2,9	50,2	6,0	4,3	6,1	19,8	8,2	-
17	1,0	14,9	1,5	-	0,5	1,6	-	65,1	15,4	-	-
18	100,0	-	-	-	-	-	-	-	-	-	-
00-18	3,4	2,4	4,6	1,8	34,6	6,7	0,6	21,1	23,5	0,2	1,1
00-18 in Mill. DM	1449	321	612	242	4630	903	81	2827	3153	28	147
Quellen: BMFT; DIW. (15)											

Key:

- | | |
|---|-------------------------|
| 1. In percent of total funding of material processing enterprises | 8. Hesse |
| 2. Specialized program | 9. Rhineland Palatinate |
| 3. Schleswig-Holstein | 10. Baden Wuerttemberg |
| 4. Hamburg | 11. Bavaria |
| 5. Lower Saxony | 12. Saarland |
| 6. Bremen | 13. West Berlin |
| 7. North Rhine Westphalia | 14. 00-18 in million DM |
| | 15. Sources: BMFT, DIW |

Indeed, it cannot be expected that Berlin's industry will lead all other FRG Laender in BMFT project funding; those positions belong to North Rhine Westphalia with 34.6 percent, Bavaria with 23.5 percent and Baden Wuerttemberg with 21.1 percent. It is disappointing, however, that industry in this region does not yet receive BMFT project funding commensurate with its contribution to the national economy in terms of performance (3.4 percent).

Although Berlin's industry comes out below average in funding received as compared to its contributions to the economy, it must not be overlooked that in some programs Berlin's industry is very strongly represented. This is particularly true of "information and documentation" and "selected activities" where Berlin has shares of 16.7 and 16.4 percent respectively. Also worthy of mention in this regard are "biotechnology" (8.6 percent), "humanizing the working world" (4.9 percent), "production engineering" (4.8 percent) and "R&D in health-related services" (4.7 percent).

One reason for Berlin's overall poor outcome could be related to the size of its enterprises: BMFT project funding is aimed primarily at larger enterprises--smaller firms are less suitable because of the involved application and implementation procedures.

Table 4. Contributions to Gross Domestic Product

(1) Bundesland	(2) der Bundesländer 1983	des verarbeitenden Gewerbes ¹⁾ 1981 (3)
Schleswig-Holstein (4)	3,6	2,7
Hamburg (5)	4,7	3,4
Niedersachsen (6)	10,0	9,3
Bremen (7)	1,4	1,4
Nordrhein-Westfalen (8)	26,9	27,9
Hessen (9)	9,9	8,5
Rheinland-Pfalz (10)	5,3	6,1
Baden-Württemberg (11)	15,8	19,2
Bayern (12)	17,3	16,5
Saarland (13)	1,5	1,5
Berlin (West) (14)	3,6	3,5
Bundesgebiet (15)	100,0	100,0
1) Bruttowertschöpfung Quellen: Statistische Bundesämter, DIW. (16)		

Key:

- | | |
|--|--|
| 1. FRG Land | 10. Rhineland Palatinate |
| 2. of FRG Laender in 1983 | 11. Baden Wuerttemberg |
| 3. of Material Processing
Enterprises ¹⁾ in 1981 | 12. Bavaria |
| 4. Schleswig-Holstein | 13. Saarland |
| 5. Hamburg | 14. West Berlin |
| 6. Lower Saxony | 15. FRG Total |
| 7. Bremen | 16. 1) Gross value produced |
| 8. North Rhine Westphalia | Sources: Federal Statistical
Offices, DIW |
| 9. Hesse | |

A regional comparison of the sizes of enterprises shows in fact that Berlin's share of the material processing sector overall in terms of the number of enterprises and the number of employees is 2.3 percent, and that even in the individual classifications according to workforce size there are only relatively minor deviations from this average value. Below average, with shares of 1.2 and 2.1 percent respectively are enterprises with "less than 20 employees" and "200 to 499 employees." On the other hand there is a slightly above average share in the classifications "20 to 49 employees" (2.7 percent),

"50 to 99 employees" (2.5 percent) and "more than 1000 employees" (2.6 percent).

Another reason for the relatively low availability of BMFT project funding for Berlin's industry could lie in the structure of its industrial sectors. An examination⁴ of the intensity of R&D activities within the material processing sector in Berlin has shown, however, that the suspicion that Berlin's R&D weaknesses are caused by an unfavorable regional structure in this sector--lacking, for example, the particularly research-intensive aviation and aerospace industries--is not borne out by close consideration of specific branches of industry. In nearly all branches the intensity of R&D activities in terms of both turnover and personnel is lower in Berlin than in industry in the rest of the FRG. In particular, even Berlin's two large industrial sectors, electrical engineering and machine construction, lag behind the rest of the FRG.

Conclusion

Berlin's commercial sector has available to it less BMFT project funding than its contribution to overall economic performance warrants. Based on general conditions which appear to be favorable overall, this situation is unsatisfactory from Berlin's point of view for several reasons: Berlin is an economic conurbation with a diverse economic structure. Research-intensive branches of industry such as electrical engineering, machine construction and chemistry carry great weight in terms of industrial production. There is in addition--as the heavy flow of BMFT project funding also indicates and as entrepreneurs confirm--a well-developed scientific infrastructure. Even if the intensity of R&D activities is only to a limited degree a barometer of future technological orientation within the regional economy--a corporation's own plants can remain state-of-the-art in terms of both products and technical production processes even without their own R&D programs--the presence of R&D departments is of great significance for the city for several reasons. Jobs in the area of R&D have the advantage over production jobs in that they

- require personnel with above-average qualifications
- are as a rule environmentally safe and labor intensive
- require relatively little commercial space

West Berlin has indeed succeeded in becoming a research center in Germany in the non-commercial sector. As the results of investigations show, however, there has been up to now no effective counterbalancing in the private economy. Based on increases in labor-saving production processes, the future of this city will depend in large measure on the extent to which it can create jobs in the R&D areas of the commercial sector as well. The innovation-oriented economic policies favored by the Berlin Senate in recent years and the universities with their educational potential create favorable conditions for doing so. But Berlin can only achieve this goal if in the future larger firms with their research departments again take a greater interest in this city. This would not only create qualified jobs within the enterprises but would also significantly improve general conditions--informational exchanges involving research results and their practical applications--for the institutional sector and the scientists working in it.

FOOTNOTES

1. Kurt Hornschild, "Praeferenzregelung der Forschungs- und Entwicklungsfoerderung in Berlin. Gutachten im Auftrage des Senators fuer Wirtschaft und Verkehr" [Preferential Funding of Research and Development in Berlin. Survey Report on Behalf of the Senator for Economics and Transportation], Berlin. The Survey Report is one of a series of special publications by the DIW.
2. "Bundesbericht Forschung" [Federal Research Report], No 84, p 69
3. The institutional sector includes scientific research institutes and the federal government, including the universities.
4. Kurt Hornschild, "Forschung und Entwicklung im verarbeitenden Gewerbe von Berlin (West). Beitraege zur Strukturforchung" [Research and Development in the Material Processing Sector of West Berlin. Contributions to Structural Research], Vol 76, 1983.

12552

CSO: 3620/266

ECONOMIC

FINLAND

INDUSTRY DISAPPOINTED IN TRADE WITH SMALL CEMA COUNTRIES

Helsinki HELSINGIN SANOMAT in Finnish 12 Feb 85 p 25

[Article by Renny Jokelin: "KEVSOS Disappointed Expectations, Exemption from Duties Did Not Help Exports to Eastern Europe"]

[Text] Customs duties were finally eliminated from trade between Finland and the small CEMA countries at the beginning of this year. The longest Kevsos agreements have been in effect for 10 years already.

The agreements have disappointed Finnish expectations: imports from CEMA countries have increased, but Finland's exports to them have remained the same. The situation is, however, so sensitive that no one wants to talk about it out loud.

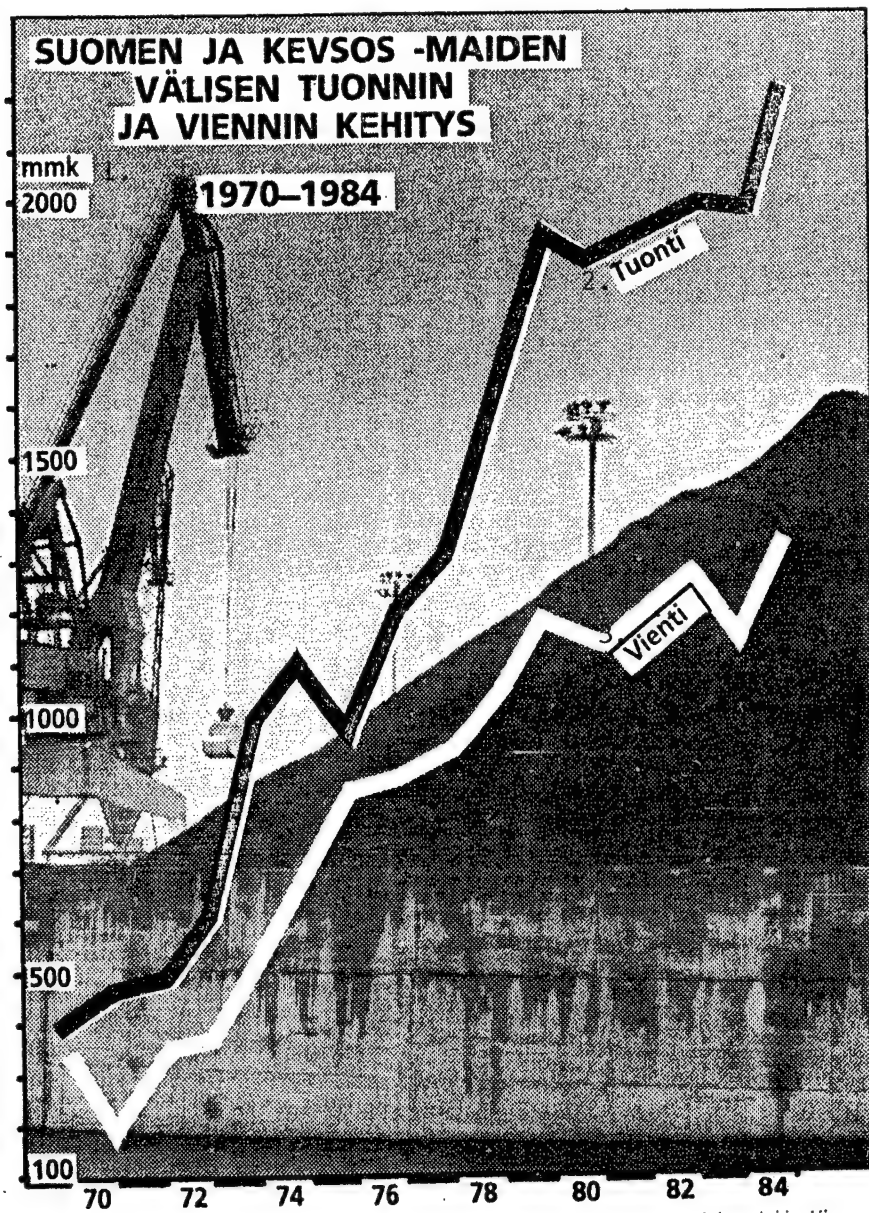
Talking about the effectiveness of the Kevsos agreements in Finland is difficult even though everyone knows that trade is not functioning correctly. No one, especially industry, wants to comment about the matter publicly since no one wants to be labelled as an opponent of CEMA trade.

The Kevsos agreements were concluded ceremoniously in the wake of the negotiations between Finland and the European Community, EC. Finland decided to offer the small CEMA countries the same advantages as the EC countries would be receiving. It was modestly thought that this would be a model for the rest of the world. So far no followers of this example have appeared.

Finland's trade agreements with Bulgaria, Hungary, and Czechoslovakia went into effect from the beginning of 1975. An agreement was concluded with Poland 3 years later. A Kevsos agreement has not been concluded with Romania since the country is considered to be a "developing socialist country", which receives the same kind of trade advantages from Finland as the other developing countries.

The negotiations on the agreements were initiated by the then Foreign Trade Minister Jussi Linnamo (Social Democrat) and they were brought to a conclusion by Jermu Laine (Social Democrat) when he was the foreign trade minister.

The birth of the Kevsos agreements was also accelerated by the belief that the Soviet Union would favor the conclusion of such agreements. Later this "knowledge" turned out to be unfounded.



Development of Imports and Exports Between Finland and Kevsos Countries
1970--1984

Key:

1. Billions of markkaa
2. Imports
3. Exports

Deficit in Billions

The longest Kevsos agreements have been in effect for 10 years and last duties on trade between Finland and the countries which are party to the agreements disappeared at the beginning of this year.

An increasingly enormous gap has opened up in trade between Finland and the small CEMA countries after the conclusion of the agreements. There has been an annual trade deficit of nearly 1 billion for Finland during this entire decade. On the other hand, the agreement developed CEMA-country exports to Finland very well.

Cheap imports, in particular, threatened to become a problem. The Kevsoss agreements include protective clauses, which gave the Finns an opportunity to demand so-called voluntary import restraints which concern the amounts and prices of imports.

Cheap imports of footwear, clothing, textiles, and certain rubber products, among other things, sprang out of control in the years immediately following the conclusion of the agreements. Negotiations in the beginning of the 1980s produced sufficient results so that cheap imports with respect to these items were restrained.

Not all cheap imports are yet under control. Restraints have now been placed on cheap steel coming from CEMA countries. As far as the metal industry is concerned, this problem was examined patiently for a long time. Electric motors represent a problem similar to steel.

Polish coal is the largest single factor affecting the entire trade picture. The Poles consider that coal is always a separate issue, trade cannot be balanced at its expense. Trade with Czechoslovakia and the GDR also shows a deficit for Finland.

Trade with Hungary and Bulgaria has fared better. The copper smelter exported by Outokumpu has perceptibly affected the small Hungarian trade.

Customs Duties and Customs Duties

The major problem in the Kevsoss agreements from Finland's point of view is the accomplishment of reciprocity. Finland has eliminated customs duty on imports, but what has the reciprocal offer been? No one has been able to provide a precise determination of it. Finland's exports to the Kevsoss countries have not developed according to expectations. On the contrary, its share of our exports has dropped from 3 and 4 percent to around 2 percent.

Only Hungary, which is a member of GATT, has such large duties that their elimination has been a definite benefit. But this has not affected all products. Paper exporters, for example, complain that certain of their products have never been subject to duty in Hungary. The competitive advantage is exactly the same as that of the Austrians, who do not have a similar agreement.

After the conclusion of the agreements certain CEMA countries introduced customs which they then promised to eliminate as if it were compensation.

Exporters complain that the small CEMA countries are demanding exactly the same price competitiveness from them as from their traditional trading partners, Austria and West Germany.

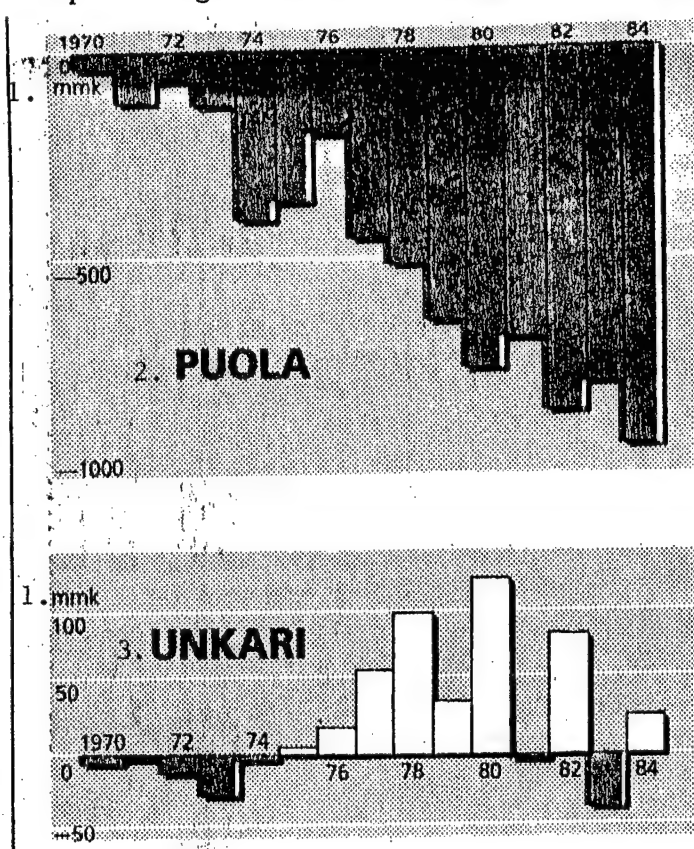
The fact that Finland has good relations with these countries has been observed as the only benefit.

What particularly irritates Finnish exporters is the fact that along with its officials the other side sends greetings to Finland and urges Finland's exporters to be more active in their sales work. Finnish sellers, in their own opinion, are trying hard.

Permanent Deficit

Finland's deficit in the trade conducted with small Eastern European countries is around 1 billion markkaa annually. The largest share of the deficit originates from trade with Poland and this primarily results from the large amounts of imported coal. There have also been large deficits in the Czechoslovakian trade at the beginning of this decade.

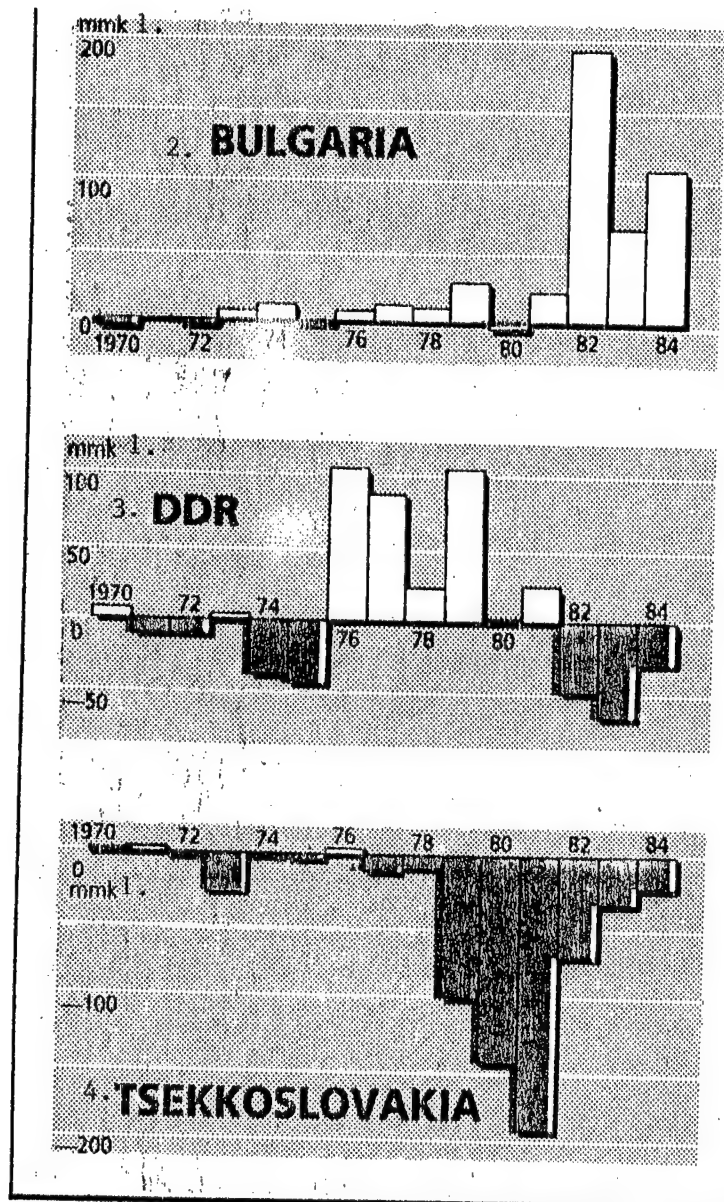
Trade between Finland and the Eastern European countries is relatively small in quantity so that a few large individual transactions cause the figures to fluctuate easily. For example, Finland's surplus in trade with Hungary was the result of Outokumpu's large smelter delivery, among other things.



Key:

1. Billions of markkaa
2. Poland
3. Hungary

The Kevsos countries include the GDR, Poland, Czechoslovakia, Hungary, and Bulgaria. No actual agreement has been concluded with Romania, but exemption from duties applies in practice here also.



Key:

1. Billions of markkaa
2. Bulgaria
3. GDR
4. Czechoslovakia

Joint Meetings

The parties negotiate these and other matters at meetings of so-called joint commissions. At them agreements can be reached on definite practical projects, but no annual commodity exchange schedules, for example, are compiled. The Finns are presently attending a meeting of a joint commission in Poland.

One industry representative even proposed the compiling of some kind of a commodity exchange schedule so that exports and imports from CEMA countries would remain in some kind of rhythm and balance.

Many are bothered by the idea of how trade with CEMA countries would have developed if the Kevsok agreements had not been concluded. No one has dared to propose that the Kevsok agreements be dismantled, but many compare the results with the achievements of bilateral trade between Finland and the Soviet Union.

Disappearing Advantage

More and more convertible currencies are being used in trade between Finland and the Kevsok countries. Only Bulgaria and the GDR are still conducting trade on an exchange or clearing basis. Free currencies have been tried for years already with Poland and Czechoslovakia, Hungary has joined the International Currency Fund and trade with it has recently been transferred to convertible currencies. Many exporters have considered the exchange trade to be Finland's trump card as far as competition is concerned.

Trade conducted by the other Nordic countries with the CEMA countries has not increased in the last 10 years. On the other hand, Austria has been able to increase its exports to these countries.

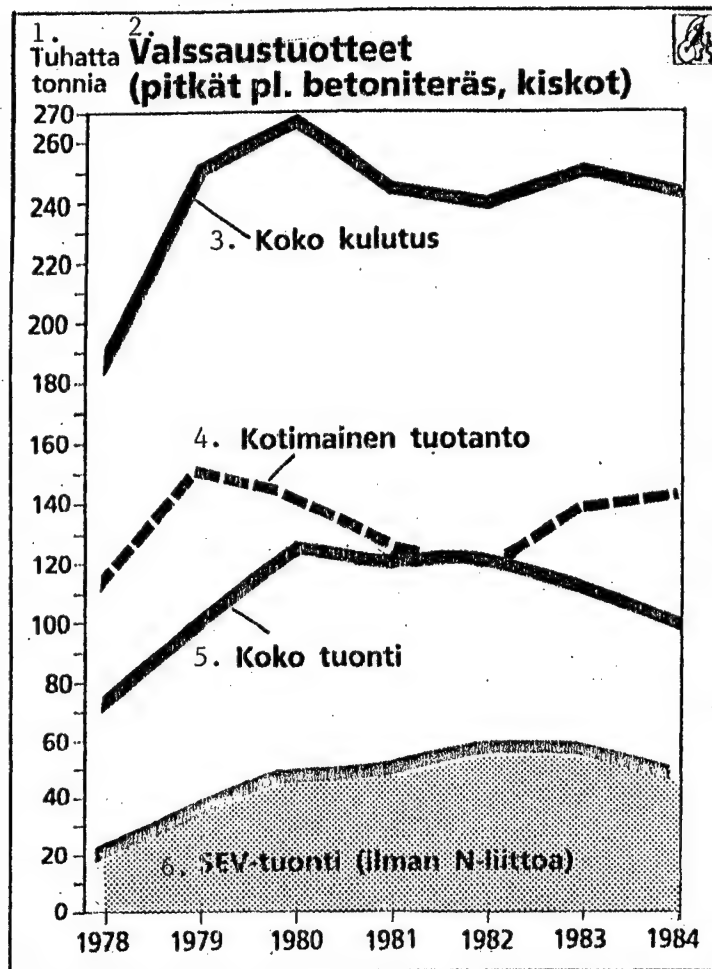
On the other hand, Finland and the other Nordic countries are an important trading area for the CEMA countries since it is much more difficult for them to export products to the European Community. The EC's import restrictions are stricter than those of the Nordic countries and products from CEMA countries are primarily cheap imports, which are being subjected to particular scrutiny in the EC.

Finland Dictated Quotas for Imports of Cheap Steel

In recent weeks Finland has dictated strict import quotas for steel coming from the small socialist countries. Imports of cheap CEMA steel increased so drastically in 1982-84 that Finland exercised its right to limit its imports to Finland.

The CEMA countries acquiesced to the quotas after a long dispute behind the scenes. The last "mutual understanding" was reached with Romania last week.

The Finns are justifying the quotas by the fact that cheap steel threatened the future of Finland's own steel industry. Steel consumption in Finland has remained at the same level for several years and has frozen the domestic sales of Finnish steel producers -- Rautaruukki, Ovako, and Outokumpu.



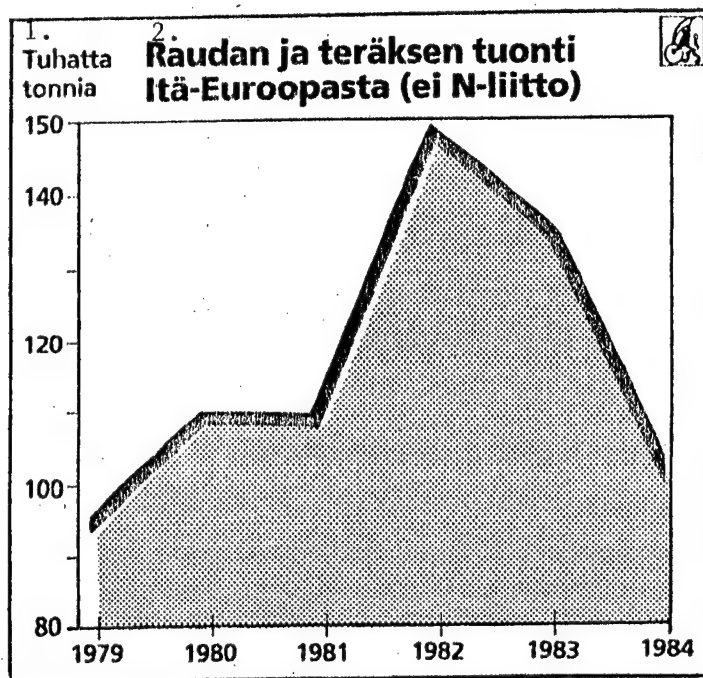
Key:

- | | |
|---|--|
| 1. Thousands of tons | 4. Domestic production |
| 2. Rolled products (reinforcement steel, rails) | 5. Total imports |
| 3. Total consumption | 6. CEMA imports (not including Soviet Union) |

At the same time, the export opportunities of Finnish steel firms have rapidly decreased. Consumption has decreased throughout the whole world. In addition, the largest export targets, the European Community (EC) and the United States have restricted steel imports considerably.

As domestic sales and exports have come to a standstill, total steel imports to Finland remained relatively even. This was, to a great degree, the result of the fact that much less EC steel was purchased in Finland. Imports increased radically in 1978-82 in certain quality groups such as long rolled steel products.

Cheap Eastern European steel flowed into the country by the tons. In 1979 the CEMA countries imported to Finland 93,800 tons of iron, steel, and scrap metal valued at 131 million markkaa. In addition, 85,000 tons valued at 77 million were imported from the Soviet Union.



Key:

1. Thousands of tons
2. Iron and steel imports from Eastern Europe (not including the Soviet Union)

By 1982 already imports had climbed to nearly 150,000 tons and the value was 240 million markkaa. There were disputes in 1983 already, but import quantities remained high.

The deficit generated by imports of Eastern European steel resulted from the fact that it was clearly less expensive than domestic steel. The price difference fluctuated -- and continues to fluctuate -- according to quality and product type. Finnish steel firms and the Foreign Ministry calculate the average price difference to be 10-20 percent.

It was evident that the Finnish wholesalers of steel and the clients using steel wanted as much steel from the East as possible.

"Illegally Low"

The Finns raised a fuss and argued that the CEMA countries sold steel at an "illegally" low price. According to the allegations, certain products were marketed to Finland below all production costs. Some products cost less than the labor and energy used to manufacture them. In addition, the Finns wondered how plants in CEMA countries could make the same steel products so much cheaper than the Finns even though Finnish plants are of the highest international standard as far as efficiency is concerned.

In addition, the price of CEMA steel included transportation costs, import fees, and so on, but it was still cheaper.

Cheap steel imports were a severe blow to the state owned Rautaruukki and the privately owned Ovako companies. Cheap commercial steel was a threat to Rautaruukki and cheap specialized steel products were a threat to Ovako. At this time approximately half of the imports from the East is directed to each of their areas.

The advantage of Eastern European steel is depicted by an example relating to rolled wire, from which nails, among other things, are made. At the beginning of last year Finland imported Polish rolled wire, which was priced at 1,300 markkaa per ton including all the customs duties. Wire manufactured by Ovako was approximately 1,600 markkaa per ton at that time. The importers were able to obtain a handsome commission from the imported steel, and the steel from the East was still cheaper for the consumer than Finnish steel.

Firms involved in steel wholesaling, of which the largest are Starckjohan, Kesko, and Kontino, import cheap steel to Finland. These same firms also sell the products of Finnish steel firms. The supply of steel products to clients is, to a great degree, under their control.

Finnish steel firms are concerned that their accusations of cheap imports would not cause friction with the wholesalers.

Finland Not Granting Import Permits

The Finns began to reach the limit of their patience in 1983. Impetus was further given by Norway's decision to establish import duties amounting to several hundred kroner on certain kinds of CEMA steel.

The Finns proposed voluntary restraints to six CEMA countries in their increase in imports. Finland announced that it could not accept unlimited quantities of steel since Finland itself could not freely export its own steel to the West in the same manner.

Months were spent in attempting to convince the CEMA countries of this. Last year Finland then defined "voluntary" quotas for several steel products from CEMA countries. The countries, however, did not want to observe them. The Finns answered this by discontinuing the issuance of import permits. The cancellation of permits resulted in, among other things, a withdrawal of the CEMA countries from discussions.

A return was made to the negotiating table at the beginning of the year and Finland reached an agreement with each CEMA country in the first few weeks of this year. Quotas which correspond to the average amount of imports in the years 1979-82 have been established for many steel products from CEMA countries. This is significantly less than imports of the last 3 years.

Importers Warn Against Countermeasures

Imports of steel from the small socialist countries will continue at a relatively high rate and the price will clearly be less than the price of Finnish steel even in the future. However, Finnish steel firms consider the situation

to be significantly better than before since it is now possible to predict imports.

Steel importers consider Finland's import restrictions to be dangerous. Managing Director Pertti Berg of Starckjohan, the largest wholesaler and importer of steel, points out that Finland is so dependent on foreign trade that "it is dangerous to begin limiting free trade in one product area". "It can easily revenge itself in our direction," says Berg.

Berg is somewhat amazed at how the idea of the cheapness of CEMA steel has come about. Customs statistics are, in his opinion, misleading in many respects. They do not take into consideration the sectioning of deliveries, the investment of capital, rate of circulation, and so on. "CEMA steel is not much cheaper when everything is taken into consideration," assures Berg.

Berg considers the rapid increase in imports of steel from the East in 1982-83 to be a coincidence. "A definite accumulation of transactions occurred with respect to several countries, shipments from different years came all at once in one year," says Berg. According to Berg, this is demonstrated by the fact that imports from Eastern Europe clearly decreased last year.

The quotas do not have a great effect on the importers and wholesalers. Berg hints that corresponding amounts of steel can be imported from somewhere else. "Many products can be obtained from Central Europe cheaper than in Finland."

Berg considers references to the restrictive actions of other countries to be artificial since Finland continues to export more steel than it imports.

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CSO: 3617/78-A

ECONOMIC

ITALY

TREASURY MINISTER ON DEVALUATION OF LIRA

Rome L'ESPRESSO in Italian 10 Feb 85 pp 124-127

[Article by Salvatore Gatti: "Hands Off the Lira!"]

[Text] Industry, the banks, and economists are pushing for devaluation of our currency in order to boost Italy's competitive stance. The Treasury Minister is not buying it. This is why, and what the alternatives are.

The assault on the lira has begun. First to move, to nobody's surprise, was Confindustria: "Either we put a cap on soaring labor costs, or we do something about the currency exchange rate." Next to enter the field were individual industrialists, like Walter Mandelli, who, in the last previous issue of L'ESPRESSO, called for devaluation "to stem the increase in the numbers of companies destined to disappear from the marketplace." More soberly, FIAT, which has not joined the call for devaluation, complains, nevertheless, that with the lira this strong, Italian entrepreneurs are boosting their prices abroad, while foreigners are shipping cheap exports to Italy. The strong lira, which has risen in value by comparison with other currencies over the past year, is in fact making our exports increasingly costly and making life difficult for companies on the international markets, especially on the European markets. It is not in the least surprising, then, that these companies have mounted an all-out attack on the government's monetary policy.

Now, though, the industrial armada is signing on new recruits, all the way from hard-line economists like Luigi Spaventa, who says that "holding the lira firm for 2 years, while it was steadily gaining ground vis-a-vis the other European currencies, inevitably caused fatalities and casualties on the battlefield," up to the most prestigious of Italy's banks, the Banca Commerciale, according to which (see insert) the "crucial factor" behind the woes of Italian entrepreneurs on the European market is "the high real exchange level of the lira." In short, the attack is a concerted one along a broad front of numerous allies. What will the government do? Must it really devalue the currency to help business?

We put that question to the top political leader in charge of the fate of the lira, Treasury Minister Giovanni Gorla, a Christian Democrat.

[Question] Companies (and that goes almost without saying), plus banks and economists, have for some weeks been bringing heavy pressure to bear on the government to devalue the lira. Why is that?

[Answer] What you're seeing is seasonal crops, which usually ripen in winter. It all stems, of course, from the most obvious sources. It is clear that people active on certain markets, especially European markets, would like to get some relief at the exchange-rate level because that would obviate their need to move into restructuring and to more effective controls.

[Question] But companies like FIAT say they are hurting because of the strong lira, that their prices abroad are rising while the foreign companies pushing sales in Italy can drop theirs down...

[Answer] That is true primarily of our exports to the mark area. There is no question but that some companies may be having problems, but the government's decision to hold the lira steady as one way to restore balance to our economy is a decision taken for the good of the country and, in the medium term, for the good of all its enterprises, no matter where their exports may go.

[Question] The Banca Commerciale Italiana argues that the government's exchange-rate policy is the "crucial factor" behind the current slump in our exports, rather than their low technology content, and maintains that there are a lot of cogent reasons for devaluating the lira in 1985.

[Answer] That is an argument that has a degree of logic to it but one which, in my humble opinion, is seriously flawed in that it approaches the problem mainly from one side, without devoting adequate attention to the fact that there is, indeed, another side. What worries me most about the thinking of a lot of the people who call for devaluating the lira, is that they lead people to believe that to do so would be to solve all the country's problems.

[Question] Luigi Spaventa charges the government with holding interest rates inordinately high (about 3 times what they are in Germany) and thus attracting large amounts of international capital to Italy, thereby keeping our currency high by comparison with other European currencies. And this strong currency is precisely what is giving our enterprise problems. In short, is Italy to Europe what the United States (by keeping the dollar high) is to the world?

[Answer] Unfortunately, we have been forced to play (within proportional bounds) the part of the United States in Europe. We have a serious problem in keeping a balance between one exchange level that could be forced upon us by the international situation and another fueled by the domestic situation. Were we to look only abroad, and were we to reduce exchange rates for currency

considerations, we should eventually bring down money costs as well, domestic credit demand would soar, and we should wind up in a vicious circle in which the lira would fall, domestic credit demand would rise, and eventually imports would rise and the balance of payments would worsen: that is a situation to steer clear of. Hence, as of now, there is no major decline in interest rates visible in the immediate future.

[Question] Then there is nothing to do but to keep the lira strong?

[Answer] We have endured a marked depreciation against the dollar, but we have also seen a rise in real terms for the lira against the mark, the pound, and the average of the major currencies. Missing was absorption of our inflation rate vis-a-vis the other European currencies. Italy's inflation in 1984 was running at 10.6 percent, Germany's at 2.4, and Britain's at 5 percent: relations among currencies have not absorbed the disparities in pricing performance.

[Question] And yet you oppose absorbing them in 1985 with a devaluation. Why?

[Answer] Because devaluing the lira to regain competitive advantage would quickly give rise to grave problems in the balance of payments and would set off inflation again, thereby losing a historic battle we are right on the verge of winning. As for the advantage to enterprise, 30 percent of the effect of a devaluation would evaporate within 12 months, and for contributing reasons, it would all be gone within 24 months. The country, in short, would be shattered and business would have gained only temporary relief. In other words, such a move would be folly. Therefore, so long as I am Treasury minister, there will be no devaluation of the lira -- at least as a specific monetary policy decision. An entirely different matter is our being forced to undergo one in response to a change in the international situation.

[Question] Do you think things might happen to threaten the currency?

[Answer] Possible tensions on the currency market, which I can well imagine, could be triggered only by a sharp and sudden reversal of the upward trend in the dollar.

[Question] Since you make no bones about ruling out the chance of devaluation, what needs to be done to get enterprise back on a competitive footing?

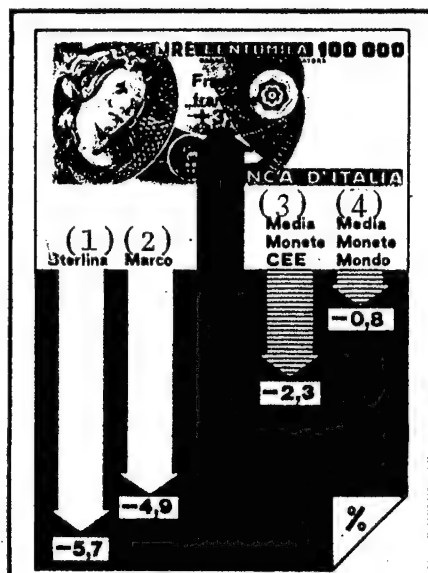
[Answer] The high road, inside the companies, is to get to work on costs (something they have done fairly well lately). But they must also show a little imagination: products do not sell for what they cost, but for what they are worth.

[Question] That's all there is to it?

[Answer] Of course not: that is the high road for enterprise, but there is a separate one for the country. The problem that needs solving is that of bringing our costs into line with those of other countries. My intention is to tie wages from now on to the European average, which means allowing our nominal wage to rise from now on at the exact same pace as the standard rate in Europe. At this point, there would no longer be any sound reason why our prices should rise higher than those of others, and we should be on an equal competitive footing with Europe.

[Question] But wouldn't that mean loss of purchasing power for Italian workers?

[Answer] Certainly not! If we hold the lira solidly against the other European currencies, a drop in nominal wages would swiftly be translated into a drop in inflation. Hence there would be no real difference in the purchasing power of wages, but they would be sheltered against that danger by a decline in inflation. We can protect wages at 10-percent or at 7-percent or at 2-percent inflation: the idea is to work together so that the lowest possible inflation rate is the point of equilibrium, thus sheltering the workers' interests. With a stable lira, which guarantees a healthy environment for business as well as for workers, plus a painless rein on wage increases, we can bring inflation down lower than the 7 percent anticipated, which would effectively do away with the problems of which industry complains. But the main thing is that we must believe in and aim at beating inflation.



Just Look What It's Worth!

Over the 12 months from October '83 to October '84 most of our currencies lost value against the lira (if we omit the egregious case of the French franc). Our money has gained value in real terms (freeing the exchange rate, that is, of the effect of rising industrial prices), both against the EEC currencies, which lost 2.3 percent, and against the average of world currencies, which lost 0.8 percent. The biggest gain came against the pound, which lost 5.7 percent in real value against the lira.

KEY:

- (1) Pound sterling
- (2) Deutschmark
- (3) Average of EEC currencies
- (4) Average of world currencies

Hard Money Hurts [Boxed Section]

The pro-devaluation forces gained considerably in strength this week as they won a new and potent adept: Francesco Cingano's Banca Commerciale Italiana. And the new member promptly got down into the arena with the power he has -- that of the most prestigious of Italian banks -- predicting in a lengthy analysis of the Italian economic situation that set off considerable consternation at the Treasury and at the Banca d'Italia -- the devaluation of our currency as a remedy that would rescue corporate interests.

But what is happening to the lira that would, as the Banca Commerciale believes, call for devaluating the currency? "The exchange market is still governed by the strength of the dollar," says the latest analysis of the situation by the Milan bank, "and the lira is forced to offset its real depreciation vis-a-vis the dollar with a real appreciation vis-a-vis the European currencies and in particular against the German mark, with a positive impact on the rate of inflation, but a negative effect on the balance of payments." And so here we are in 1984 with a trade deficit 17,000 million lire higher than the one in 1983. The worsening was due not only to an abnormal upsurge in imports, but also to a "worrisome" slowdown in export growth: in short, our enterprise is starting to encounter serious difficulties abroad.

Why should that be? Partly because of the low technological and innovative content of our exports, but, charges the Banca Commerciale Italiana, "the lira's high real rate of exchange, helping to lower the competitive levels of their prices, particularly on the European markets, seems to be the critical factor" in the crisis of Italian exports and hence that of Italy's trade balance.

What should we do about it? If the dollar weakens, says the Commerciale euphemistically, "the problem will arise of an adjustment of parity rates within the EMS," meaning devaluation of the lira. The fact is that, despite the declining inflation rate in Italy, our prices are still rising far faster than those in other countries (10.7 percent in 1984 by comparison with 2 percent in Germany), and this difference constitutes, no matter how you look at it, "a potential for instability in the value of the lira." Our currency, it turns out, has only partially absorbed the difference between inflation at home and that in other countries, it has not dropped enough on the markets and in real terms it has increased in value vis-a-vis the other European currencies, thereby damaging Italy's competitive stance on the international markets.

While the loss of competitiveness, says the Banca Commerciale, does leave open "the possibility of a realignment of the lira within the EMS in 1985," there is another reason that "supplies

additional motivation for those who believe it quite probable that there will be a devaluation of the Italian currency vis-a-vis the major European currencies": the fact is that in 1985 the American economy is slowing down, and with it the demand for exports from the European countries.

Even last year, with a world market in a phase of rapid expansion, Italian companies were finding it hard to sell their products abroad, mainly because of the "strong lira." Imagine what we're in for this year, with an even weaker potential market...

6182

CS0: 3528/37

28 March 1985

ECONOMIC

PORTUGAL

SIGNIFICANT GROWTH IN 1984 FOREIGN INVESTMENT

Lisbon TEMPO in Portuguese 25-31 Jan 85 p 19

[Text] Direct Foreign Investment (IDE) in 1984 totaled 27.9 million contos. In 1983, the IDE was 16.2 million contos, so it grew 73 percent. Taking into account the reserves for reinvestment, these figures would reach 35.9 million and 18.5 million contos, respectively, for 1984 and 1983. At constant 1983 escudo values, the growth was only 37 percent.

The continued growth of the part corresponding to the entry of foreign exchange reached 63 percent at current escudo rates and 23 percent in dollars. The growth of the IDE in 1984, in dollars, was 31 percent (\$191 million).

The capital entered from the EEC (36 percent), North America (35 percent) and the EFTA [European Free Trade Association] (14 percent). By country, the major investors were the United States (35 percent), France (12 percent), Switzerland (11 percent), the United Kingdom (10 percent), the Netherlands, FRG and Japan (4 percent).

The prominent position of the United States is owing to four large-scale projects: Ford Lusitana, Sociedade Lusitana de Organizacoes, Manufacturers Hanover Trust Company and the Chase Manhattan Bank.

By type of operation, it is observed that the creation of companies and capital expansion represent more than 80 percent of the IDE, with 20.4 percent to new companies and 61 percent to capital expansion. Thus, it can be concluded that foreign companies located in Portugal are not only expanding their activities but are also demonstrating confidence in the country.

Moreover, in addition to being responsible for two-thirds of the total investments, these companies have contributed decisively to the significant increase in our exports; 10 of the major foreign companies generated 12 percent of the value of Portuguese exports, representing about 90 million contos. They are Cablesa, Celbi, Grundig, Inlan, Isopor, MPI, Philips, Renault, Siemens and Texas Instruments.

6362

CS0: 3542/109

ECONOMIC

PORTUGAL

GOVERNMENT DEBTS TO PUBLIC ENTERPRISES

Lisbon DIARIO DE NOTICIAS in Portuguese 24 Jan 85 p 5

[Text] Through the autonomous funds and the local governments, the state owes about 280 million contos to the public enterprises in the area of industry and energy. However, the overall needs to bring the companies into financial balance call for substantially higher sums, as much as 500 million contos, according to the white paper released yesterday by Viegas Simao.

The minister of industry and energy presented newsmen with a 686-page book entitled "The State Business Sector in Industry and Energy; Analysis and Recommendations for Action," which has frequently been referred to as the "White Paper on Public Enterprises," although it refers to only 80 companies in the public sector.

Frustrating all expectations, Viegas Simao did not answer any questions and advised those present to "read and reflect" on the contents of the document, which will later be the focus for an exchange of views that will be "more profitable on both sides."

According to the Ministry of Industry estimates, the funds needed to put the companies under its jurisdiction on a sound footing amount to 500 million contos, 130 million of which are needed to finance investments and to cover losses and 90 million contos to balance the capital structure of the companies themselves.

The document offers some suggestions for the payment of the about 280 contos owed by the state through the Supply Fund, the Exchange Risk Insurance Fund, the Thermic [power] Support Fund and local governments and to cover the various commitments assumed for the capital expansion of the companies (never met).

The government debt to the EDP [Portuguese Electric Power Company] stands at 154 million contos, 76 million of which is owed by the local governments and 74 million by the Thermic Supply Fund. The Supply Fund owes 61 million contos to PETROGAL [Portuguese Petroleum Company] and the Exchange Risk Insurance Fund owes it 71 million contos; the rest of the state debt (36 million contos) is owed to various public companies.

6362

CSO: 3542/109

ECONOMIC

PORTUGAL

INFLATED CIVIL SERVICE SAID TO BE PREFERABLE TO UNEMPLOYMENT

Lisbon DIARIO DE NOTICIAS in Portuguese 28 Jan 85 p 4

[Text] The new wage scale announced for the Civil Service has come to focus attention once again on an old question: whether or not there are too many civil servants for the country's needs, or if the problem is not really with their number but rather with their distribution in accordance with these needs.

A study by the SET [State Technical Cadres Union] estimated that there were more than 0.5 million government employees at the end of 1984, and it added some curious statistics: in 1935, the Portuguese administrative machine was formed by about 30,000 officials, in 37 professional categories; 33 years later-- in 1963--the total was 196,775, including overseas employees. In 1979, the Civil Service numbered 372,086, distributed over 21 categories and, finally, in 1983, the figure reached 500,000. Compared with other European countries-- specifically those of the EEC, which we are preparing to join--we are suffering from real giantism in this regard.

In its study, the SET warned of the constantly increasing number of civil servants "without the corresponding logic in the quality of services offered by the public administration to society."

On the other hand, based on statistics drawn up and published by the OECD, the government claimed in 1982 that Portugal did not have too many civil servants but that the problem lay with the administrative machinery: in addition to being overloaded, it was using outdated methods. Although it recognized this, instead of undertaking to reorganize and modernize the machinery, the government fell into the absurdity of continuing to take on more and more personnel, in an apparent lack of coordination between departments and ministries. Even now, in the Assembly of the Republic and regarding the draft budget which is being debated there, it has been said that from January to September 1984, another 18,000 new civil servants were hired. So it appears that one of the major preoccupations of the government continues to be to see itself as the principal employer at the national level, hiring ad infinitum without the least control over this surplus of cadres.

Regarding administrative reform, which has been announced so often and just as often postponed, it will have to involve a more balanced distribution of manpower resources, for example, the transfer of personnel from the central

administration to the local governments, along with an effective simplification and modernization of bureaucratic channels. Nonetheless, although the opportunity already arose for the creation of a ministry specifically dedicated to administrative reform, in a previous administration, the fact is that the much-touted administrative reform has never come about. Is it because of the manifest inability of the state to effect it, given the complexities of the machine which the state itself set up and with which it is now struggling? Up to now, no one has offered an explanation.

Be that as it may, and considering the need to reduce the exceedingly high cost of maintaining the Civil Service, the government appears disposed to consider solutions that do not go beyond a system of "leaves." Specifically, it involves sending civil servants considered "non-essential" home for a more or less lengthy period. During this forced "absence," they would receive 90 percent of their wage. Since, as the authorities see it, they would not have to meet the usual cost of transportation to and from work or, obviously, the cost of meals away from home, the 10-percent reduction would not cause any noticeable problem for the monthly budget.

We do not know how far this idea could get. No matter how disagreeable it would be for those covered by it, it would still be preferable to pure and simple dismissal. At a time when a new wave of unemployment is expected (just at LISNAVE [Lisbon shipyards], for example, layoffs could exceed 500), the government itself should not be adding to it among its employees.

In any event, in practical terms, an undeniable reality is looming on the country's already gloomy labor horizon: it is becoming increasingly difficult for anyone to find employment, particularly young people in search of their first job. Laying off civil servants or suspending them with a reduction in pay would not, obviously, create openings to be filled. Instead of creating more jobs, it would drastically reduce them.

6362
CS0: 3542/108

ECONOMIC

PORTUGAL

REASONS CITED FOR CONTINUED INFLATION IN 1985

Lisbon SEMANARIO in Portuguese 2 Feb 85 p 4

[Article by Rui Teixeira Santos]

[Text] The last 19 months of this government have constituted a period of record acceleration of the inflation rate in the nation's economic history. This last cycle was not only the most intense, but, above all, the longest. Some signs of deceleration, with the administrative control and the decline in economic activity, began to be felt early in the second half of 1984, but this was largely because the standards of reference were those of the previous year, certainly the highest in the nation's economic history. The country is experiencing a phase of hyperinflation.

At this moment that are clear factors for acceleration, starting with the deficit programmed in the draft budget before the Assembly of the Republic (335.7 million contos), a significant increase over previous years in terms of proportion to the Gross Domestic Product. This increased deficit means that more money will be injected into the domestic economy, which will push up prices along with demand. The increasing foreign debt to finance the current consumption by the state will also introduce an imported inflation.

Although it is known at the outset that this official deficit will increase in the last quarter, with the resort to the Supplementary Budget, there is also the deficit of the Autonomous Funds, which double the responsibilities of the state and will add to the pressure on prices.

The third cause is the gradual deterioration of the Portuguese business network and the sectoral strangulation of the productive apparatus, aggravated in the last 19 months by the decline in investment (down about 25 percent in the capital equipment industry and 35 percent in the manufacturing industry in 1984) and by the decline in the Gross Domestic Product (-0.5 percent in 1983 and down 1 percent in 1984). The entire situation becomes more serious with clear signs of the decapitalization of the companies (which strongly affected the banking system and insurance and aggravated the situation of the public companies in 1984), forcing the state to resort to a policy of subsidies and financial aid, which injected more money into the economy without creating a real corresponding wealth and investment.

Wages: Control Necessary

The fourth factor which will contribute to increased inflation in Portugal this year will be the wage increases. We feel that, considering the state's weak administrative intervention in prices, which can no longer tolerate politically opportune delay, the executive may have opted to control inflation on the side of demand, which would imply a real containment of wage increases. However, the decline in real wages in recent years (2.1 percent in 1982; 5.1 percent in 1983; and 11.3 percent in 1984) has left the government little political margin to impose wage ceilings on the unions. In two key sectors which set the direction for collective bargaining in general, the state has granted significant increases: the Civil Service received an increase of 21.2 percent and, in the adjustment determined for bank administrators, which sets the standard for the unions' bargaining position, the increase ranged between 80 and 100 contos.

These wage increases aggravate costs in terms of the payroll as a whole. It is noted that last year, although the increases to bank employees were about 18 percent, this represented an increase of 32 percent in terms of costs to the banks.

Productivity and Wages

Given the lack of productivity of the economy and the progressive deterioration of the relation between the value added and the wage outlay, the demand pressure has not been answered at the production end and inflationary tensions are created. However, it is not just the lack of productivity of the companies; the businessmen's lack of expectations, the indecision of the public authorities and the loss of faith in the institutions have also made the situation insupportable.

Devaluation

The sixth factor which will create inflation this year is the foreign component. Our trading partners have had an average inflation of 4.2 percent, and the average inflation of the OECD countries has been 5.5 percent. In contrast, Portugal's inflation stood at 29.3 percent at the end of 1984. This discrepancy is becoming insupportable and a new devaluation of the escudo within the first quarter of this year is taken for granted by the economic actors. Although the productive apparatus is not very elastic, there is a need for a prompt realignment of the escudo in addition to the monthly 1-percent correction to make our exports more competitive. If the decision is not made in February or March, it will have to come in the second quarter and the devaluation will have to be much more drastic.

Value Added Tax

Finally, there is a very new inflationary factor, which will have a decisive effect on the Portuguese economy this year: the mid-year introduction of the IVA [Value Added Tax], which will mean higher prices at least for the products which have not had a sales tax before now, not to mention the increased tax rates for other goods.

The effects of this persistent high inflation are those usually associated with periods of prolonged inflation: a decline in the real income of those on fixed incomes (down more than 20 percent since 1977 on wage income); high interest rates (the discount rate of the Bank of Portugal increased progressively from 6.5 percent in 1975 to 25 percent in 1983); problems with the economic calculus; decapitalization and financial anemia for businesses (with truly suicidal conduct and prices); the weakening of the escudo on the exchange; the continuing flight of the national currency (flight of capital); lack of confidence in the Portuguese financial system; and the resurgence of the parallel economy.

History Repeats Itself

Since 1970, inflation in Portugal has experienced six phases of acceleration (periods in which prices rise very rapidly) and six phases of deceleration (in which the increase is more gradual).

The average duration of the acceleration phases (18 months) is longer than the phases of deceleration (12 months). The longest acceleration phase lasted 22 months (from November 1972 to September 1974, coinciding with the oil crisis and the 25 April revolution) and the shortest one lasted 12 months (December 1982 to December 1983, corresponding to the last phase of the Balsemao government). The longest deceleration phase lasted 13 months (September 1979 to October 1980, which corresponds roughly to the Francisco Sa Carneiro government) and the shortest lasted 7 months (from May 1977 to December 1977).

Record in 1984

Another characteristic of the Portuguese inflation is the wide range of the fluctuations (relative maximum of 35 percent during the Socialist governments and relative minimums of 10 percent), measured in 12-month intervals. This makes any projections for the future unreliable.

The year 1984 coincided with the last deceleration phase recorded in the Portuguese economy. Although it was a period in which prices rose less rapidly, the fact is that the consumers did not notice it. For the year as a whole, 1984 had the highest inflation recorded in Portugal (29.3 percent), higher even than the previous record, set in 1974 (29.2 percent).

When Will Acceleration Begin Again?

Comparing the latest deceleration phase, which began in December 1983 as a result of the IMF agreement, with the highest levels of similar phases in the past, it is found that it was the most intense phase of all. This last deceleration phase has already gone on for 12 months, which is, historically, the average duration of deceleration phases in the recent past, and although this is not strictly scientific, the regularity observed in the past would point to the beginning of a new phase of acceleration.

Meanwhile, in 1984, the rate of variation was slightly above 21 percent, and the government intends, in its GOP's [expansion unknown] to maintain this deceleration phase, to end the year 1985 at 20 percent. Considering the problems that the year will bring, no one can say how it will achieve this. If it does,

even further distorting the economic channels and destroying the cost structures of the enterprises, it remains to be seen what price the Portuguese will pay in terms of the duration and intensity of the next phase of acceleration.

6362

CS0: 3542/109

ECONOMIC

PORTUGAL

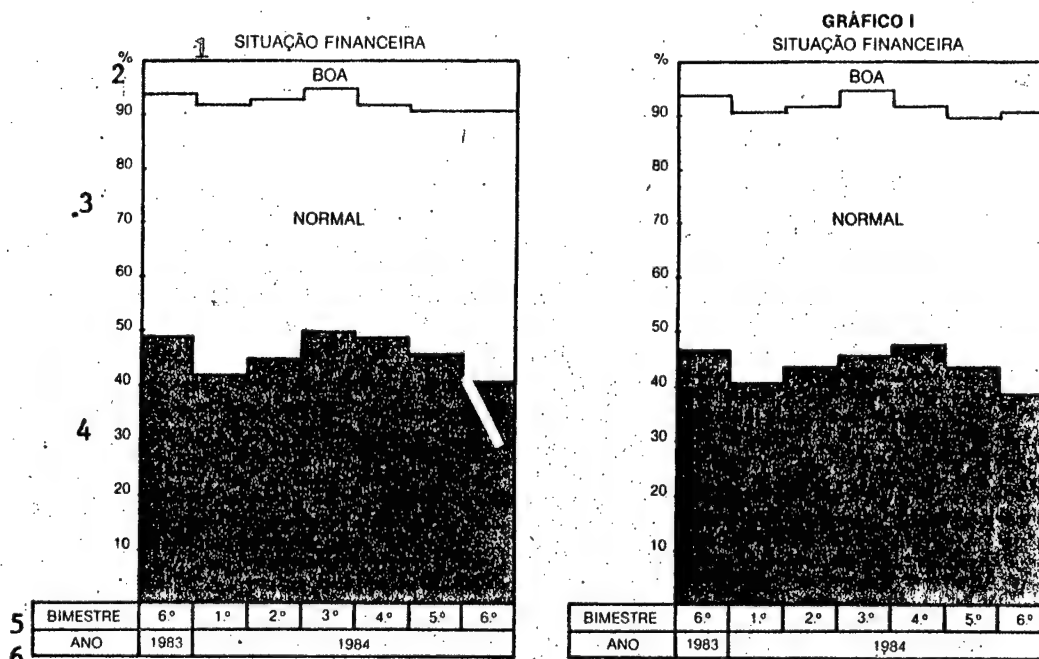
INDUSTRIAL SITREP AT END OF 1984

Lisbon A TARDE in Portuguese 27 Feb 85 pp 16-17

[Text] During the 6th 2-month period in 1984, industry reported a slight downturn, especially as regards the overall billing level which declined according to 33 percent of those questioned (29 percent during the 5th 2-month period) and it went up according to 29 percent of those questioned (28 percent), as revealed by the CIP [Portuguese Industry Confederation] Bulletin. This decline was the result of the drop in quantities sold on the domestic market, since the foreign demand still showed some dynamism, above all through an increase in exports to the traditional markets; 32 percent felt that the billing volume on the foreign market had grown and 28 percent thought that it had decreased, as against 31 percent and 25 percent during the last 2-month period, respectively.

However, the low level of installed production potential utilization persisted; this level is considered to be markedly underused by 38 percent of the business operators and 51 percent believed that it is being used "between 70 and 90 percent," while finished product inventories are above normal in a quarter of the enterprises surveyed.

The incompatibility of receipts and payments continues to determine the current financial situation of those interviewed (see graph).



Key: 1 Financial situation; 2 Good; 3 Normal; 4 Bad; 5 2-Month Period; 6 Year.

The rising trend in production costs, primarily "raw materials and other materials" and "energy and fuels" as well as "financial charges," the "domestic supply discrepancy," and the "financial situation" continued to figure as negative factors in the current economic situation.

Supplies are being processed under "below-normal" conditions in 30 percent of the cases above all due to "higher requirements of suppliers" and the "shortage of materials on the market."

With investment plans declining--70 percent are thinking of not investing--and with the developing economic situation being described as "very bad" and "bad" by 84 percent of those questioned, short-term expectations point to the continuation of the current activity level although some indicators may develop unfavorably.

I. Extraction Industries

1. Overall Analysis

Prospects for a slight upturn, contained in the last report, have been confirmed especially as regards the total billing volume since nobody reported a decline (14 percent during the last 2-month period) while 67 percent reported an increase (14 percent) as a result of the more dynamic demand which led to an increase in the quantities sold.

2. Use of Production Capacity and Stocks

No significant changes took place regarding the utilization of the production capacity--84 percent of the respondents feel that it was being used "between 70 percent and 90 percent"--while finished product stocks are at normal levels in the opinion of all of those interviewed.

3. Financial Situation

The current financial situation of those questioned has worsened, while the group of those who described it as "bad" increased 8 points (50 percent of those responding) due to the difficulties in coping with the "accumulated results."

4. Conditioning Factors

The rising trend in production costs, along with the increase in "energy and fuel" costs as well as raw materials and other materials" and "transportation" as well as financial weakness are the main obstacles to the normal exercise of this activity.

But it must be reported that supplies have returned to normal.

5. Prospects

With investment plans being zero, short-term expectations point to the continuation of the current business situation, although the overall billing volume may show a slightly favorable development.

II. Processing Industries

1. Overall Analysis

During the period we are analyzing here, the overall billing volume developed unfavorably, with 31 percent of those questioned reporting that it had gone down (27 percent during the preceding 2-month period) and 30 percent reporting that it went up (31 percent), above all due to the decline in the domestic demand since the foreign demand still revealed a certain degree of dynamism.

2. Use of Production Capacity and Stocks

There have been no significant changes in the utilization of the production capacity; 35 percent of those interviewed reported that it was markedly underused (32 percent during the 2-month period) and 53 percent reported that it was underused (54 percent).

The level of finished product inventories went up 5 points among the group of those who felt that it was "above normal" (24 percent of the responses).

3. Financial Situation

Although there have been slight signs of an upturn, there is a large group of interview subjects who believe that the current financial situation is "bad" (see Graph 1) above all due to the difficulties in overcoming the "accumulated results" and in collections, in view of the current payment demands.

4. Conditioning Factors

The major difficulties with which the processing industry is struggling are to be found on the level of "raw material and other material" costs, as well as "energy and fuels," the growing weight of the "financial burdens" and the rather slack "domestic demands."

It must also be reported that the "higher requirements of suppliers" and the "shortage of materials on the market" caused disturbances which are being provided under "below-normal conditions" in the opinion of 32 percent of those questioned.

5. Prospects

The analysis of available indicators, which should not experience any significant changes, enables us to expect the continuation of the current business situation for the next 2 months, while investment plans will continue to decline (66 percent of the business operators are not thinking of investing).

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ECONOMIC

PORTUGAL

REPORTED GOLD SALE DENIED

Sale Announced

Lisbon DIARIO DE NOTICIAS in Portuguese 1 Feb 85 p 1

[Text] The Portuguese Government intends to sell 20 tons of gold on the private Swiss market, to meet the financial commitments for which it currently lacks to funds.

The report was aired by Antena 1 in news broadcasts on 23 and 30 January, citing financial circles. According to Antena 1, Walter Marques, administrator of the Bank of Portugal, is in Switzerland to carry out the operation.

The decision was made because the international banking system did not respond to the Portuguese Government's appeal for a foreign loan to cover the government's urgent financial commitments.

Sale Denied

Lisbon DIARIO DE NOTICIAS in Portuguese 2 Feb 85 p 3

[Text] The Bank of Portugal has already received nine offers from foreign banks to negotiate a foreign loan to the republic, valued at between \$400 million and \$450 million (between 68 and 75 million contos).

In statements to the Portuguese news agency ANOP, Vitor Constancio, vice governor of the Bank of Portugal, stressed that the proposals "offered better conditions than those negotiated in 1984 in the foreign loan to Portugal." According to Constancio, "the foreign loan is going extremely well, and there is no foundation to the reports about the sale of gold in the central bank of Switzerland." The possibility of the gold sale, reported yesterday by DIARIO DE NOTICIAS on the basis of information from Antena 1 of the RDP [Portuguese Broadcasting Company], was also denied by Walter Marques, administrator of the Bank of Portugal, who said: "Such an operation is not justified, since the foreign loan is being negotiated with foreign banking and is going very well." Marques also denied that he had gone to Switzerland to arrange for the alleged gold sale.

Editor's Note: The report regarding the gold sale to which DIARIO DE NOTICIAS referred was divulged on news broadcasts on 23 and 30 January by Antena 1 of the RDP. Given the importance and the sensitivity of the matter at issue, we took the trouble to confirm the reliability of the sources of the report with the news services of the broadcasting station. We also attempted, although unsuccessfully, to contact one of the vice governors of the Bank of Portugal. This is in explanation for an error that was not to our knowledge.

6362

CS0: 3542/108

ECONOMIC

TURKEY

GREECE, DENMARK TAKE HARD EEC LINE ON TURKEY

Istanbul CUMHURIYET in Turkish 20 Feb 85 p 12

[Article by Hadi Uluengin: "Turkey Again Hits Danish Obstacle in EEC"]

[Text] Brussels - Turkey was on the "menu" at the luncheon attended by EEC foreign ministers, meeting in Brussels. Denmark, however, had trouble digesting the meal.

British Foreign Secretary Sir Geoffrey Howe brought up the subject of Turkey during the luncheon. The British minister, reporting to his European colleagues on his visit to Ankara last week, said, "The EEC must make a gesture following the positive steps Turkey has taken towards restoring democracy and correcting human rights and prison conditions problems. This gesture ought to consist of freeing up a portion of the fourth fiscal protocol tranches that have been frozen and allowing the special aid fund to function."

This proposal by Sir Geoffrey Howe was supported by the membership, with West Germany and Italy taking the lead, but excluding Denmark and Greece. Danish Minister of State for EEC Affairs Tygesen stressed the point that his government has a minority cabinet and pointed out that the left opposition would make no concession on Turkey. The Copenhagen spokesman said, "This is a political matter and, since the case has not yet matured, steps must be taken slowly," adding that his government would try to resolve the problem within its own parliament. Greece, meanwhile, did not make "a harsh outburst against Ankara" despite its overall "opposing" posture.

The Italian, West German and British representatives said during this debate that they would support Turkey's holding the post of president pro tem of the Council of Europe. The ministers reached agreement on placing Turkey on the agenda of the conference to be held on 18-19 March.

While Turkey appeared on the EEC agenda day before yesterday for the first time since 11 September, it was again observed that no note-worthy change had occurred in the positions of the member nations. Denmark is still the "key country." The consensus among diplomatic observers is that Copenhagen's "intractable position" stems from the fact that its government is a minority coalition and from the socialist opposition's threat that the government would fall if "steps were

taken" on Turkey. In fact, according to reliable diplomatic sources in Brussels, Turkey made an initiative to the Copenhagen government last week. The answer received this time by the Ankara representatives was, "Our socialists are influenced by the Swedish socialists. It is therefore necessary to persuade the Swedish socialists first." In an earlier Turkish initiative, Ankara had been asked to send "leftwing" national deputies to Copenhagen to persuade the Danish socialists. Ever since the 11 September conference in Dublin when Denmark said "No," West Germany, Italy and Britain have been putting a variety of "diplomatic pressures" on the Copenhagen government asking for "flexibility."

8349

CSO: 3554/92

ECONOMIC

TURKEY

MENGENCECIOGLU ON PROFITABLE 'UM MARITIME' FIRM

Istanbul DUNYA in Turkish 20 Feb 85 p 7

[Report on interview with or press conference held by Ugur Mengencecioglu, board chairman of Um Maritime Inc: place, date not given]

[Text] Um Maritime Inc was responsible for a foreign exchange savings of more than \$50 million in 1984, according to Ugur Mengencecioglu, chairman of its board of directors. "Three years ago, Turkey had one crude oil tanker. This was the tanker "Atlas," belonging to the late Hayri Baran. First we, as Um Maritime, put the tanker "Zafer" under the Turkish flag. Then we brought eight more tankers to our country by means of the Um Maritime fleet. After that, Turkey no longer needed foreign bottoms for its crude oil imports. In that case, we have one clear and concise answer to certain questions about investments in maritime trade and other sectors: Our field is petroleum transport. Why, then, should we try to take away others' jobs? We have chosen the goal of putting our country in business in existing areas. This is the business principle. Every businessman goes into his chosen field and generates customers for our country and, therefore, his own company in that field. This is a valid principle for us as well," said Mengencecioglu.

Stressing that the maritime sector needs an extensive and modern training set-up, Ugur Mengencecioglu announced that his firm had an expensive, but very necessary program. He said, "The addition of a 240,000 dwt tanker to the Turkish merchant fleet was a first, credited to Um Maritime Inc investments. This ship, as known, was the former "Blois," the tanker whose name in Turkish is "Zafer." We ran into difficulties and made some mistakes with this ship. We ran into unexpected mechanical break-downs occasionally during operations. These break-downs were partially due to personnel error. We, Um Maritime Inc, covered these unexpected expenses, chalking it up to lack of experience. Now, I am happy to say, practical break-downs and mistakes caused by lack of organization have been completely eliminated as it were.

"We did this by assuming, as Um Maritime Inc, the cost of instruction and training without the need for investment of any kind in other countries anywhere. At any rate, we had no alternative in making our investments. Let me remind you that our ships sail under the Turkish flag. A term in wide use today is "transparent" [in French], which may be translated as "What you see is what you get." Um Maritime Inc then, is a transparent business. The wages we pay our personnel,

whatever our payroll might be, we pay the necessary taxes to our state down to the last kurush without complaint. We do the same without complaint for our part-time personnel."

Noting that Um Maritime today has a very professional staff, Ugur Mengencioğlu said, "We are operating the most modern tankers today with all-Turkish crews. The press has given us a name, and it is true. We are a company that has launched the ship-board school. We place a great deal of importance on practice."

Ugur Mengencioğlu said he would mention briefly Japanese crude oil policy and spoke of the far-reaching importance of crude oil, as a strategic commodity, from the standpoint of national security. "For example, Japan has a 3-month reserve on the ground. It has similarly created a 3-month floating storage capacity at sea. The situation in Turkey is at present far from this level. Moreover, crude oil imports account for a large percentage in the balance of foreign payments. Occasionally, there are difficulties in the purchase of crude oil, difficulties that may arise from squeezes on the country's financial resources. In my view, when the floating storage capacity is increased, you have a strengthened security system with a broad scope from a stand standpoint," he said.

Explaining that they had been uncertain at first, thinking the dolphins at Turkish refineries would not be able to handle ULCC [Ultra Large Crude Carrier] class tankers, Ugur Mengencioğlu said: "The initial capacity at construction of the Ipraz Refinery, as known, was 1.1 million tons. Then, storage capacity at this refinery was raised to 2.2 million tons. The third stage raised it from 2.2 million tons to 5.5 million tons. Subsequent investments, however, brought the Ipraz Refinery to its present capacity of 13 million tons, but docking facilities have not kept up with these developments. However, there is a world-wide practice in which high-tonnage tankers are lightered, that is, they off-load part of their cargo and then go in to the dolphins. This is done in Rotterdam, and the same thing is done in Japan also. The tanker "M. Vatan" tried this practice for the first time in Turkey. The second time was the tanker "Buyuk Selcuklu" that came alongside the "Gokturk," a tanker belonging to Um Maritime, and off-loaded without the need for a foreign expert, then went in to the Ipraz dolphins. Actually, it is a simple operation."

Ugur Mengencioğlu described his decision to build a tanker fleet as a purely commercial one although no such venture had been attempted before even though Turkey's crude oil requirement had been at a specific level for many years. Referring to his factory, Pursan Inc, on the Gulf of Izmit, he said, "This company of ours was the industrial establishment that paid the highest corporation tax in Istanbul in 1981. We paid more than 1 billion in corporation taxes to our state that year. We did not have all that much money left. We were in a very critical period in which the currency was depreciating every day. We therefore looked for an area where we could put our money to the best use. That is, according to our thinking at the time, we felt that the factory was not an adequate form of investment. The prime minister at the time, Prime Minister Bulend Ulusu, who was a navy man, encouraged us. So we took our first steps and got into crude oil transport with the tanker 'Zafer.' We invested our money and opened for business. In order to do that, though, I had done some very careful research in this area. We saw in our research that almost all of Turkey's annual requirement for crude oil of 15 million tons total was being carried on foreign bottoms. So we bought our first 247,000 [as published] dwt tanker. It was for this reason that the President christened this tanker and gave it the name 'Zafer' [Victory]."

The tonnage of later ships after the "Zafer" was reduced and they bought the 115,000 dwt tanker "Murat," said Ugur Mengencioğlu, adding: "Our third tanker was the 'Burak.' This is a 132,000 dwt ship. Ships added to our fleet after that were much newer, much more modern ships. We have now gathered in our fleet the most modern and newest tankers of this tonnage in the world. With our existing fleet, Turkey has reached a capacity to transport all of its requirement in Turkish bottoms. However, this will be possible only with good planning. And, on the contrary, ships flying foreign flags are seen at present doing some hauling.

"I would like to point out here that we have more than 30 percent of the tonnage of the state-owned Maritime Bank Cargo Lines. We constitute 30 percent of the total Turkish merchant fleet."

Stressing that the fleet consists of the newest ships, Ugur Mengencioğlu said that their ships took their names from 16 periods in Turkish history. He explained that each ship has its name engraved on a brass plaque with the history of the name and a summary of the period in history to which it belongs mounted in a corridor and at the gangway of the ships. "God willing, the tanker fleet will be a credit to its 16 Turkish namesakes," he said.

Ugur Mengencioğlu explained that only Turkish historic names would be used in the tanker fleet and said that they were going into a new area of international investment with 5-67,000 dwt dry cargo ships on which construction was to begin in Britain with \$70 million in state credit.

This investment will take the legal form of "Um International Company Inc," he said, adding, "The ships will be completed between 1986-1988. Even if the total tonnage of my fleet seems large by Turkish standards, it must not be considered very significant on a world scale. However, the ones who build the enormous tonnages are only businessmen, too. So why shouldn't we also go into this business internationally, and why shouldn't we succeed at it?" He went on to say: "We gave names taken from our history to our new bulk carriers also. The British firm wanted to know the names of the bulk carriers and the name of a 300,000 dwt tanker we are about to purchase as well. The tanker will be primarily a fuel supply ship for our own ships, that is, a bunker. We gave this ship the name 'Kapikulu.' We took other names from our military history such as 'Sipahi,' 'Yeniceri' and 'Levent' for our bulk carriers. The 'Kapikulu' will be ready for service at the end of January." Referring to the fact that this fleet had been built in 3 years, Ugur Mengencioğlu said they had been working so hard to get everything done from buying ships to operations during this short a time that they were just beginning to find time to study similar investments internationally. A member of the press asked, "May we call you the tanker king?" He replied, "The important thing, in my opinion, is the business itself. We are the first in tonnage in Turkey. But I cannot accept royalty, though it is my basic ideal to have Um Maritime Inc live on with the same zeal after I am gone."

8349

CSO: 3554/92

ENERGY

ICELAND

INVESTMENT FREEZE FOR HYDRO-DEVELOPMENT

Reykjavik NEWS FROM ICELAND in English Feb 85 pp 1, 22

[Text]

Electricity consumption considerably below long-term forecasts has led the National Power Company to slow down plans for hydroelectric development this year, with a complete halt called to the proposed fifth stage of a major diversion pier of the Thjórsá river basin network and developments on the Thórisvatn reservoir, both in the mountainous south central area of Iceland.

The stage was already set for this year's scaling down of development plans at the National Power Company as early as last November. It was becoming increasingly apparent that electricity consumption, both by the general public and power-intensive industry, was not keeping pace with trends forecast in long-term projections on which the systematic exploitation of hydroelectric resources had been based.

What brought the matter to prominence in the media, however, was a report by NPC deputy board member Finnþogi Jónsson last month accusing the board of massive overinvestment paid for by general consumers in the form of unnaturally high electricity bills.

Astronomical figures for surplus production quoted in Jónsson's report have since been explained by the NPC as a combination of two main factors: an unexpected slowing down in the rate of electricity consumption increases, and the need to maintain a 250 GWH reserve — some 8% of present output — to meet such unknowns as rainfall variations, avoiding the power shortages which occurred periodically during the 1970s.

Given the long lapse between the making of plans and the completion of hydroelectric generating stations, it is only now, as the time for embarking on further stages to these schemes, that the clear discrepancy between production capacity and demand by consumers has fully come to light.

Another consideration at the NPC is the need to be able to step up output at relatively short notice to meet any conceivable leaps in demand.

The government is still sounding out foreign industrial concerns with a view to attracting power-intensive industries to Iceland, thereby turning the nation's geothermal and hydroelectric potential — only 10% of which is at present exploited, according to estimates — into a form of invisible export.

Last December, the NPC board cut its estimated budget for this year by 14% in the light of revised consumption forecasts. Announcing the postponements to the schemes scheduled for 1985 in its latest report, it has now lowered its budget requirements to around \$21 million, only two-thirds of the original figure.

CSO: 3600/12

ENERGY

PORTUGAL

BRIEFS

VIANA DO CASTELO OIL PROSPECTS--The possibility that there might be petroleum along the coast of Viana do Castelo is about to rouse the interest of some foreign companies specializing in prospecting; they are now negotiating with the Portuguese Ministry of Industry. As SEMANARIO has been able to find out, petroleum prospecting along the coast of Viana do Castelo is to be started during the next several months. A Swedish-Finnish syndicate, represented in Portugal by "Partex," is already interested in the project. On the other hand, a United States group has just entered the race, expressing its readiness to join with the Scandinavian syndicate. It is remembered that the Portuguese government is involved in negotiations with GSI (an affiliated enterprise of Texas Instruments, of the United States) concerning the preparation of a contract that would enable that enterprise to do petroleum prospecting over an area of 4,500 kilometers [as published] from the Portuguese coast. [Text] [Lisbon SEMANARIO in Portuguese 23 Feb 85 p 25] 5058

HIGH ENERGY IMPORTATION--In spite of the heavy rainfall in recent times--especially heavy during the month of February--EDP [Portuguese Electric Power Company] had to import more than 16 million kwh last week. The high consumption value recorded--390 million kwh--was the main factor that contributed to the purchase energy from abroad. The energy reserves stored in the dams of EDP, which come to about 90 percent of the maximum possible, as a matter of fact were not sufficient to meet the country's needs. About 50 percent of the installed capacity and 60 percent of the average annual output are installed in the dams on the Douro River. In recent months, the water power output came to 90 percent of the national energy total with a figure 338.9 million kw last week (more than 100 million above the 1984 figures). [Text] [Lisbon TEMPO in Portuguese 1 Mar 85 p 16] 5058

CSO: 3542/129

ENERGY

SWEDEN

ENERGY MINISTER PRESENTS LONG-RANGE PROPOSALS TO RIKSDAG

Stockholm SVENSKA DAGBLADET in Swedish 21 Feb 85 p 8

[Article by Sophie Petzell: "New Council Will Watch Over Electricity Utilization--Birgitta Dahl Proposes End of Nuclear Power in 2010"]

[Text] The replacement of oil will continue, and all nuclear power will end in 2010. An entirely new parliamentary council will be established including representatives for the environmental movement to watch over the utilization of electricity in Sweden.

This was part of the energy bill which was presented on Wednesday.

The bill is the fourth in a row of big government proposals which have been presented since 1975. A new bill is expected early in the 90's.

'Goals Remain the Same'

"The energy-political goals, which have already been approved by the Riksdag, remain the same," said Minister of Energy Birgitta Dahl. "That is the main message in the bill. I can also confirm that we are doing very well in combining continued replacement of oil with an offensive policy which includes welfare and full employment."

Three-Year Program

Last year the Riksdag approved a three-year energy research program of 1.2 billion kronor and a three-year program for oil replacement of 1.7 billion. There is also money remaining from the past two years investment support for energy of originally 1.7 billion. The new bill recommends an appropriation of an additional 300 million kronor. Of these, 120 million will go to the coal environment fund, which is being changed to the fuel environment fund. It will invest money in measures to reduce nitric oxide and other emissions.

Improved Utilization of Electricity

The rest of the money will go for continued support for installations for domestic fuel, minipowerplants, development of solar energy and wind energy,

etc. In the bill the government estimates that the demand for energy will not increase in the future either--continued economizing will be necessary.

In the first place nuclear power will be replaced with improved utilization of electricity. In the second place domestic fuels such as solar heat and natural gas are entering the picture. Finally new electricity production installations will be used. Birgitta Dahl said that we can now hope for a significantly lower use of coal than what we previously estimated.

New Energy Council

She recommends a new council with representatives from the political parties, industry, unions, environmental movement and other interested organizations. The minister of energy will be the chairman of the council, which will examine the long term electricity production questions.

"It is one way to reach the broad agreement on energy policy which is necessary for the termination of nuclear power."

Swedish dependence on oil has now been reduced from 70 percent to 50 percent of our energy consumption. The 40 percent goal remains, and will be reached before the 90's.

Investigation of Rivers

In the bill the minister of energy emphasized that other possibilities for energy production than hydro-electric must be utilized first. But the possibility must be kept open, and therefore she wants to begin a study of the expansion of the four undeveloped Norrland rivers.

"That in no way binds us for the future, but it will create an open debate."

She would not comment on who will do the investigation, or which of the four rivers, Torne, Kalix, Pite and Vinde, would or should be investigated.

At her press conference Birgitta Dahl also said that the government carefully and openly discussed the proposed project for expansion and development of certain rivers--steps contributing to the goal of 66 TWH per year from hydro-electric power.

Discarded

Several projects have been discarded following violent local protests: Hylstrommen, Edange, Galvan, Malan in the Skellefte River and Storan and Hocksjo in the Angerman River and Vemsjon in Ljusnan.

The minister of energy regretted that the expansion in Halsingland must now be terminated--that is especially difficult because of high unemployment in the construction industry in that area.

55 Million to Wind Power

On one point Birgitta Dahl will be forced into difficult negotiations. She wants to invest in extensive expansion of wind power.

The state has already put down 270 million kronor in this area, of which 170 million on the large prototypes in Skane and Gotland. Now an additional 55 million kronor is proposed for the transition period. The energy minister would prefer to see that the power companies themselves expand their activities. She said that the development of carbon condensers must wait until wind power has been really tested, and that negotiations will be begun with the power companies about that. The amount is unexpectedly large. The State Energy Authority and the power companies have so far been sceptical.

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ENVIRONMENTAL QUALITY

SWEDEN

NEW AGRICULTURAL POLICY THREATENS GREATER WATER CONTAMINATION

Stockholm DAGENS NYHETER in Swedish 28 Feb 85 p 8

[Article by Thomas Michelsen: "Agriculture Encouraged to Fertilize More--
More Water Destroyed"]

[Text] Beginning next summer water pollution from agriculture will be further increased. The wheat fields will leak out more water-destroying nitrogen into the ground water, lakes and seas than before. The reason is that in the fall wheat will be purchased according to a new system which makes it profitable for the farmer to apply still more nitrogenous fertilizer.

Increased fertilizing with nitrogen inevitably leads to increased leakage into the environment. When additional nitrogen is applied beyond that which is already present, as much as 75 percent can disappear into the water while only 25 percent will remain where it is intended: in the plants.

The new payment system for wheat has recently been decided by the state agricultural authorities. When the farmers increase the fertilization of their wheatfields this summer they are therefore only following the state agricultural policy.

The National Environmental Protection Board is protesting strongly against this part of agricultural policy. Just now the board is in the process of writing a protest letter to the agricultural authorities. Although everybody involved knows that increased fertilizing means increased environmental pollution, the board did not have the opportunity to express itself before the agricultural authorities made their decision.

Low Protein Content

The background for the increased water destruction that we can foresee is that the wheat harvests in this country have year after year been of poorer quality. The protein content has declined.

High protein content in wheat flour is something which in itself is not important for people's health. But the bakery industry requires a much higher

protein content for its factory-made bread than that required by households for bread that is baked at home in the kitchen.

Also with the export of surplus wheat it is an advantage to have a high protein content. Foreign purchasers have complained in recent years about Swedish wheat.

The new payment system which is now introduced by the agricultural authorities grades wheat highly with a high protein content and punishes wheat with a low protein content. Previously the farmer could get the normal price for wheat with 10 percent protein. Beginning this fall the "normal level" will be raised to 11 percent. If the wheat contains less protein the farmer is hit with a noticeable price reduction. If he succeeds in raising the protein in his wheat he gets a significantly better price.

The Only Way

In order to increase the protein content of wheat in a short time the only way is to increase the nitrogenous fertilizer. The Agricultural University has calculated that 15 extra kilograms of nitrogen per hectare are necessary to increase the protein content from 10 percent to the new level of 11 percent.

Probably many will increase the nitrogen application much more, however.

Division chief Sven Berglund at the National Environmental Protection Board assumes that the average farmer will increase the application of nitrogen by between 30 and 50 kilograms per hectare above the 100 kilograms which they apply now.

"The tendency is serious," said Sven Berglund. "The area under cultivation with spring wheat is still rather small. But the agricultural authority has already made a similar decision for autumn wheat. We are concerned that they are preparing a similar decision for barley also, and then it will involve a very large area of the country.

Concerned

Nils Brink, a professor at the Agricultural University and one of the country's leading experts on the leakage of plant nutrients from cultivated soil is concerned:

"In order to go from 10 to 11 percent protein it requires 15 kilograms of nitrogen per hectare extra. But they will not be satisfied with that. The bakers want 13 or 14 percent protein in the flour, so more must be applied.

"If the farmer increases the nitrogenous fertilizer by 50 kilograms per hectare, one can expect that between 35 and 40 kilograms will disappear into the water."

In Skane they fertilize for a record harvest of 10 tons per hectare, but get perhaps only 6 or 7 tons. The rest of the nitrogen, which the plants could not use, goes somewhere else.

Cleaning chemicals which are used in Ringsjon [Ring Lake], where many towns in Skane have their water supply, have now polluted the drinking water. In Eslov they have sounded the alarm over too high nitrite contents in the water, which is dangerous to infants. The health authorities now require that cleaning chemicals no longer be used in Ringsjon, which is already strongly polluted by previous fertilizing of the land around the lake, among other things.

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